UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the transition period from to

Commission file number 0-17077

PENNS WOODS BANCORP, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania	**300 Market Street, P.O. Box 967**	**23-2226454**
(State or other jurisdiction of incorporation or organization)	**Williamsport, Pennsylvania**	(I.R.S. Employer Identification No.)
	(Address of principal executive offices)	**17703-0967**
		(Zip Code)

Registrant's telephone number, including area code **(570) 322-1111**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $5.55 par value	PWOD	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control

over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. [ ]

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No
State the aggregate market value of the voting stock held by non-affiliates of the registrant $154,977,000 at June 30, 2024.

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding at February 19, 2025
Common Stock, $5.55 Par Value	7,612,878 Shares

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

ITEM 1 BUSINESS

A. General Development of Business and History

On January 7, 1983, Penns Woods Bancorp, Inc. (the "Corporation") was incorporated under the laws of the Commonwealth of Pennsylvania as a bank holding company. In connection with the organization of the Corporation, Jersey Shore State Bank ("JSSB"), a Pennsylvania state-chartered bank, became a wholly owned subsidiary of the Corporation. On June 1, 2013, the Corporation acquired Luzerne Bank ("Luzerne") with Luzerne operating as a subsidiary of the Corporation (JSSB and Luzerne are collectively referred to as the "Banks"). The Corporation's three other wholly-owned subsidiaries are Woods Real Estate Development Company, Inc., Woods Investment Company, Inc., and United Insurance Solutions, LLC ("UIS"). The Corporation's business has consisted primarily of managing and supervising the Banks, and its principal source of income has been dividends paid by the Banks and Woods Investment Company, Inc.

The Banks are engaged in commercial and retail banking which includes the acceptance of time, savings, and demand deposits, the funding of commercial, consumer, and mortgage loans, and safe deposit services. Utilizing a branch office network, ATMs, Internet, and telephone banking delivery channels, the Banks deliver their products and services to the communities they reside in.

In October 2000, JSSB acquired The M Group, Inc. D/B/A The Comprehensive Financial Group ("The M Group"). The M Group, which operates as a subsidiary of JSSB, offers insurance and securities brokerage services. Securities are offered by The M Group through Cetera Financial Group, a registered broker-dealer.

Neither the Corporation nor the Banks anticipate that compliance with environmental laws and regulations will have any material effect on capital expenditures, earnings, or their competitive position. The Banks are not dependent on a single customer or a few customers, the loss of whom would have a material effect on the business of the Banks.

As of December 31, 2024, JSSB employed 242 persons, Luzerne employed 64 persons, The M Group employed 3 persons, and UIS employed 2 persons in either a full-time or part-time capacity. The Corporation does not have any employees. The principal officers of the Banks also serve as officers of the Corporation.

Woods Investment Company, Inc., a Delaware holding company, maintains an investment portfolio that is managed for total return and to fund dividend payments by the Corporation.

Woods Real Estate Development Company, Inc. serves the Corporation through its acquisition and ownership of certain properties utilized by the Banks.

United Insurance Solutions, LLC offers property and casualty and auto insurance products within the Corporation's market footprint. The Corporation became the sole owner of United Insurance Solutions, LLC when it purchased the outstanding 20% minority interest on October 1, 2021.

We post publicly available reports required to be filed with the SEC on our website, www.pwod.com, as soon as reasonably practicable after filing such reports with the SEC. The required reports are available free of charge through our website. Information available on our website is not part of or incorporated by reference into this Report or any other report filed by this Corporation with the SEC.

B. Recent Developments

On December 16, 2025, the Corporation entered into a merger agreement (the "Merger Agreement") with Northwest Bancshares, Inc. ("Northwest") pursuant to which the Corporation will merge (the "Merger") with and into Northwest, with Northwest as the surviving entity. Immediately after the each of JSSB and Luzerne will merge with and into Northwest Savings Bank, the wholly owned banking subsidiary of Northwest, with Northwest Savings Bank as the surviving bank. Under the terms of the Merger Agreement, which has been unanimously approved by the boards of directors of both companies, shareholders of the Corporation will be entitled to receive a fixed exchange ratio of 2.385 shares of Northwest common stock for each share of the Corporation's common stock. The foregoing description is not complete and is qualified in all respects by reference to the terms of the Merger Agreement included as Exhibit 2.1 to the Corporation's Current Report on Form 8-K filed on December 20, 2024.

The Merger Agreement provides that, prior to the effective date of the Merger, the Corporation will, after consultation with Northwest, commence winding down the activities and distribute the underlying assets to the Corporation or otherwise dissolve, Woods Investment Company, Inc., Woods Real Estate Development Company, Inc., and United Insurance Solutions, LLC.

C. Regulation and Supervision

The Corporation is a registered bank holding company and, as such is subject to the provisions of the Bank Holding Company Act of 1956, as amended (the “BHCA”) and to supervision and examination by the Board of Governors of the Federal Reserve System (the “FRB”). The Banks are also subject to the supervision and examination by the Federal Deposit Insurance Corporation (the “FDIC”), as their primary federal regulator and as the insurer of the Banks' deposits. The Banks are also regulated and examined by the Pennsylvania Department of Banking and Securities (the “Department”).

The insurance activities of The M Group are subject to regulation by the insurance departments of the various states in which The M Group conducts business, including principally the Pennsylvania Department of Insurance. The securities brokerage activities of The M Group are subject to regulation by federal and state securities commissions.

The insurance activities of United Insurance Solutions, LLC are subject to regulation by the Pennsylvania Department of Insurance.

The FRB has issued regulations under the BHCA that require a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks. As a result, the FRB, pursuant to such regulations, may require the Corporation to stand ready to use its resources to provide adequate capital funds to the Banks during periods of financial stress or adversity. The BHCA requires the Corporation to secure the prior approval of the FRB before it can acquire all or substantially all of the assets of any bank, or acquire ownership or control of 5% or more of any voting shares of any bank. Such a transaction would also require approval of the Department.

A bank holding company is prohibited under the BHCA from engaging in, or acquiring direct or indirect control of, more than 5% of the voting shares of any company engaged in non-banking activities unless the FRB, by order or regulation, has found such activities to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Under the BHCA, the FRB has the authority to require a bank holding company to terminate any activity or relinquish control of a non-bank subsidiary (other than a non-bank subsidiary of a bank) upon the FRB’s determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

In July 2013, the federal bank regulatory agencies adopted revisions to the agencies’ capital adequacy guidelines and prompt corrective action rules, which were designed to enhance such requirements and implement the revised standards of the Basel Committee on Banking Supervision, commonly referred to as Basel III. The final rules generally implement higher minimum capital requirements, add a new common equity tier 1 capital requirement, and establish criteria that instruments must meet to be considered common equity tier 1 capital, additional tier 1 capital or tier 2 capital. The current minimum capital requirements are a common equity tier 1 capital ratio of 4.5% (6.5% to be considered “well capitalized”), a tier 1 capital ratio of 6.0%; (8.0% to be considered “well capitalized”), and a total capital ratio of 8.0% (10.0% to be considered “well capitalized”). In order to avoid limitations on capital distributions (including dividend payments and certain discretionary bonus payments to executive officers), as of January 1, 2019, a banking organization must hold a capital conservation buffer comprised of common equity tier 1 capital above its minimum risk-based capital requirements in an amount greater than 2.5% of total risk-weighted assets.

In addition to the risk-based capital guidelines, the FRB requires each bank holding company to comply with the leverage ratio, under which the bank holding company must maintain a minimum level of Tier 1 capital to average total consolidated assets of 4.0% (5.0% to be considered "well capitalized"). The Banks are subject to similar capital requirements adopted by the FDIC.

During 2018, the FRB raised the threshold of its "small bank holding company" exemption to the application of consolidated capital requirements for qualifying small bank holding companies from $1 billion to $3 billion of consolidated assets. Consequently, qualifying bank holding companies having less than $3 billion of consolidated assets are not subject to the consolidated capital requirements unless otherwise directed by the FRB.

Dividends

Federal and state laws impose limitations on the payment of dividends by the Banks. The Pennsylvania Banking Code and the policies of the FDIC and the Department generally encourage the Banks to pay dividends from current net income and retained earnings. The Pennsylvania Banking Code restricts the availability of capital funds for payment of dividends by the Banks to their accumulated net earnings.

In addition to the dividend restrictions described above, the banking regulators have the authority to prohibit or to limit the payment of dividends by the Banks if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the Banks.

Under Pennsylvania law, the Corporation may not pay a dividend, if, after giving effect thereto, it would be unable to pay its debts as they become due in the usual course of business and, after giving effect to the dividend, the total assets of the Corporation would be less than the sum of its total liabilities plus the amount that would be needed, if the Corporation were to be dissolved at the time of distribution, to satisfy the preferential rights upon dissolution of shareholders whose rights are superior to those receiving the dividend.

It is also the policy of the FRB that a bank holding company generally may only pay dividends on common stock out of net income available to common shareholders over the past twelve months and only if the prospective rate of earnings retention appears consistent with a bank holding company's capital needs, asset quality, and overall financial condition. A bank holding company also should not maintain a dividend level that places undue pressure on the capital of such institution's subsidiaries, or that may undermine the bank holding company's ability to serve as a source of strength for such subsidiaries.

D. Regulation of the Banks

The Banks are highly regulated by the FDIC and the Department. The laws that such agencies enforce limit the specific types of businesses in which the Banks may engage, and the products and services that the Banks may offer to customers. Generally, these limitations are designed to protect the insurance fund of the FDIC and/or the customers of the Banks, and not the Banks or their shareholders. From time to time, various types of new federal and state legislation have been proposed that could result in additional regulation of, and restrictions on, the business of the Banks. It cannot be predicted whether any such legislation will be adopted or how such legislation would affect business of the Banks. As a consequence of the extensive regulation of commercial banking activities in the United States, the Banks' business is particularly susceptible to being affected by federal legislation and regulations that may increase the costs of doing business. Some of the major regulatory provisions that affect the business of the Banks are discussed briefly below.

Prompt Corrective Action

The FDIC has specified the levels at which an insured institution will be considered "well capitalized," "adequately capitalized," "undercapitalized," and "critically undercapitalized." In the event an institution's capital deteriorates to the "undercapitalized" category or below, the Federal Deposit Insurance Act (the "FDIA") and FDIC regulations prescribe an increasing amount of regulatory intervention, including: (1) the institution of a capital restoration plan by a bank and a guarantee of the plan by a parent institution and liability for civil money damages for failure to fulfill its commitment on that guarantee; and (2) the placement of a hold on increases in assets, number of branches, or lines of business. If capital has reached the significantly or critically undercapitalized levels, further material restrictions can be imposed, including restrictions on interest payable on accounts, dismissal of management and (in critically undercapitalized situations) appointment of a receiver. For well-capitalized institutions, the FDIA provides authority for regulatory intervention where the institution is deemed to be engaging in unsafe or unsound practices or receives a less than satisfactory examination report rating for asset quality, management, earnings or liquidity.

Deposit Insurance

The FDIC maintains the Deposit Insurance Fund ("DIF") by assessing depository institutions an insurance premium. The FDIC insures deposit accounts up to $250,000 per depositor.

Under the FDIC's risk-based assessment system, deposit insurance assessments are based on each insured institution's total assets less tangible equity, thereby basing deposit insurance assessments on an institution's total liabilities, not only insured deposits. Small banks (generally, those with less than $10 billion in assets) are assigned an individual rate based on a formula using financial data and CAMELS (capital adequacy, asset quality, management, earnings, liquidity, and sensitivity) ratings. A bank's assessment is calculated by multiplying its individual assessment rate by its assessment base (average consolidated total assets less average tangible equity), determined quarterly.

Federal Home Loan Bank System

The Banks are members of the Federal Home Loan Bank of Pittsburgh (the "FHLB"), which is one of eleven regional Federal Home Loan Banks. Each Federal Home Loan Bank serves as a reserve or central bank for its members within its assigned region. It is funded primarily from funds deposited by member institutions and proceeds from the sale of consolidated obligations of the Federal Home Loan Bank System. It makes loans to members (i.e., advances) in accordance with policies and procedures established by the board of directors of the Federal Home Loan Bank. At December 31, 2024, the Banks had $288,219,000 in FHLB advances.

As a member, the Banks are required to purchase and maintain stock in the FHLB. The amount of required stock varies based on the FHLB products utilized by the Banks and the amount of the products utilized. At December 31, 2024, the Banks had $19,527,000 in stock of the FHLB, which was in compliance with this requirement.

Other Legislation

The 2010 Dodd-Frank Act made significant changes to the bank regulatory structure and affects the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The Dodd-Frank Act, among other things: (i) expands the authority of the FRB to examine bank holding companies and their subsidiaries, including insured depository institutions; (ii) requires a bank holding company to be well capitalized and well managed to receive approval of an interstate bank acquisition; (iii) provides mortgage reform provisions regarding a customer's ability to pay and making more loans subject to provisions for higher-cost loans and new disclosures; (iv) creates the Consumer Financial Protection Bureau (the "CFPB") that has rule making authority for a wide range of consumer protection laws that apply to all banks and has broad powers to supervise and enforce consumer protection laws; (v) introduces additional corporate governance and executive compensation requirements on public companies subject to the Securities and Exchange Act of 1934, such as the Corporation; (vi) permits FDIC-insured banks to pay interest on business demand deposits; (vii) requires that holding companies and other companies that directly or indirectly control an insured depository institution serve as a source of financial strength to that institution; (viii) makes permanent the $250,000 limit for federal deposit insurance at all insured depository institutions; and (ix) permits national and state banks to establish interstate branches to the same extent as the branch host state allows establishment of in-state branches.

The CFPB created by the Dodd-Frank Act has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB has examination and enforcement authority over all banks and savings institutions with more than $10 billion in assets. Banks and savings institutions with $10 billion or less in assets such as the Banks will continue to be examined for compliance with the consumer laws by their primary bank regulators. The Dodd-Frank Act also weakens the federal preemption rules that have been applicable for national banks and federal savings associations, and gives state attorneys general the ability to enforce federal consumer protection laws.

Under the Bank Secrecy Act, a financial institution is required to have systems in place to detect certain types of transactions, based on the size and nature of the transaction. Financial institutions are generally required to report cash transactions involving more than $10,000 to the United States Treasury. In addition, financial institutions are required to file suspicious activity reports for transactions that involve more than $5,000 and that the financial institution knows, suspects or has reason to suspect, involves illegal funds, is designed to evade the requirements of the law, or has no lawful purpose.

Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, commonly referred to as the "USA PATRIOT Act," financial institutions are subject to prohibitions against specified financial transactions and account relationships, as well as enhanced due diligence standards intended to detect, and prevent, the use of the United States financial system for money laundering and terrorist financing activities. The Patriot Act requires financial institutions, including banks, to establish anti-money laundering programs, including employee training and independent audit requirements, meet minimum specified standards, follow minimum standards for customer identification and maintenance of customer identification records.

The Sarbanes-Oxley Act of 2002 was enacted to enhance penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures under the federal securities laws. The Sarbanes-Oxley Act generally applies to all companies, including the Corporation, that file or are required to file periodic reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934, or the Exchange Act. The legislation includes provisions, among other things, governing the services that can be provided by a public company's independent auditors and the procedures for approving such services, requiring the chief executive officer and principal accounting officer to certify certain matters relating to the company's periodic filings under the Exchange Act, requiring expedited filings of reports by insiders of their securities transactions and containing other provisions relating to insider conflicts of interest, increasing disclosure requirements relating to critical financial accounting policies and their application, increasing penalties for securities law violations, and creating a new public accounting oversight board, a regulatory body subject to SEC jurisdiction with broad powers to set auditing, quality control, and ethics standards for accounting firms. In response to the legislation, the national securities exchanges and NASDAQ, adopted new rules relating to certain governance matters, including the independence of members of a company's audit committee as a condition to listing or continued listing.

Congress is often considering financial industry legislation, and the federal banking agencies routinely propose new regulations. The Corporation cannot predict how any new legislation, or new rules adopted by federal or state banking agencies, may affect the business of the Corporation and its subsidiaries in the future.

Environmental Laws

Environmentally related hazards have become a source of high risk and potential liability for financial institutions relating to their loans. Environmentally contaminated properties owned by an institution's borrowers may result in a drastic reduction in the value of the collateral securing the institution's loans to such borrowers, high environmental clean up costs to the borrower affecting its ability to repay the loans, the subordination of any lien in favor of the institution to a state or federal lien securing clean up costs, and liability to the institution for clean up costs if it forecloses on the contaminated property or becomes involved in the management of the borrower. The Corporation is not aware of any borrower who is currently subject to any environmental investigation or clean up proceeding which is likely to have a material adverse effect on the financial condition or results of operations of the Corporation.

Effect of Government Monetary Policies

The earnings of the Corporation are and will be affected by domestic economic conditions and the monetary and fiscal policies of the United States Government and its agencies. The monetary policies of the FRB have had, and will likely continue to have, an important impact on the operating results of commercial banks through its power to implement national monetary policy in order, among other things, to curb inflation or combat a recession. The FRB has a major effect upon the levels of bank loans, investments, and deposits through its open market operations in the United States Government securities and through its regulation of, among other things, the discount rate on borrowings by member banks and the reserve requirements against member bank deposits. It is not possible to predict the nature and impact of future changes in monetary and fiscal policies.

DESCRIPTION OF THE BANKS

History and Business

JSSB was incorporated under the laws of the Commonwealth of Pennsylvania as a state bank in 1934 and became a wholly owned subsidiary of the Corporation on July 12, 1983. As of December 31, 2024, JSSB had total assets of $1,595,380,000; total shareholders' equity of $134,202,000; and total deposits of $1,144,580,000. JSSB's deposits are insured by the FDIC for the maximum amount provided under current law.

Luzerne was acquired by the Corporation on June 1, 2013. As of December 31, 2024, Luzerne had total assets of $709,122,000; total shareholders' equity of $69,317,000; and total deposits of $562,794,000. Luzerne's deposits are insured by the FDIC for the maximum amount provided under current law.

The Banks engage in business as commercial banks, doing business at locations in Lycoming, Clinton, Centre, Montour, Union, Blair, and Luzerne Counties, Pennsylvania. The Banks offer insurance, securities brokerage services, annuity and mutual fund investment products, and financial planning through the M Group.

Services offered by the Banks include accepting time, demand and savings deposits including Super NOW accounts, statement savings accounts, money market accounts, and fixed rate certificates of deposit. Their services also include making secured and unsecured business and consumer loans that include financing commercial transactions as well as construction and residential mortgage loans and revolving credit loans with overdraft protection.

The Banks' loan portfolio mix can be classified into three principal categories: commercial and agricultural, real estate, and consumer. Real estate loans can be further segmented into residential, commercial, and construction. Qualified borrowers are defined by our loan policy and our underwriting standards. Owner provided equity requirements range from 0% to 35%, depending on the collateral offered for the loan. Terms are generally restricted to 30 years or less with the exception of construction and land development, which are generally limited to one and five years, respectively. Real estate appraisals, property construction verifications, and site visitations comply with our loan policy and with industry regulatory standards.

Prospective residential mortgage customer's repayment ability is determined from information contained in the application and recent income tax returns, or other verified income sources. Emphasis is on credit, employment, income, and residency verification. Broad hazard insurance is always required and flood insurance where applicable. In the case of construction mortgages, builders risk insurance is requested.

Agricultural loans for the purchase or improvement of real estate must meet the Banks' real estate underwriting criteria. Agricultural loans made for the purchase of equipment are usually payable in five years, but never more than ten, depending upon the useful life of the purchased asset. Minimum borrower equity ranges from 0% to 35% depending on the purpose. Livestock financing criteria depends upon the nature of the operation. Agricultural loans are also made for crop production purposes. Such loans are structured to repay within the production cycle and not carried over into a subsequent year.

Commercial loans are made for the acquisition and improvement of real estate, purchase of equipment, and for working capital purposes on a seasonal or revolving basis. General purpose working capital loans are also available with repayment expected within one year. Equipment loans are generally amortized over three to ten years. Insurance coverage with the Banks as loss payee is required, especially in the case where the equipment is rolling stock. It is also a general policy to collateralize non-real estate loans with the asset purchased and, depending upon loan terms, junior liens are filed on other available assets. Financial information required on all commercial mortgages includes the most current three years balance sheets and income statements and projections on income to be developed through the project. In the case of corporations and partnerships, the principals are often asked to personally guaranty the entity's debt.

Seasonal and revolving lines of credit are offered for working capital purposes. Collateral for such a loan may vary but often includes the pledge of inventory and/or receivables. Drawing availability is usually 50% of inventory and 80% of eligible receivables. Eligible receivables are defined as invoices less than 90 days delinquent. Exclusive reliance is very seldom placed on such collateral; therefore, other lienable assets are also taken into the collateral pool. Where reliance is placed on inventory and accounts receivable, the applicant must provide financial information including agings on a specified basis. In addition, the guaranty of the principals is usually obtained.

Letter of credit availability is usually limited to standby or performance letters of credit where the customer is well known to the Banks. The credit criteria is the same as that utilized in making a direct loan. Collateral is obtained in most cases.

Consumer loan products include residential mortgages, home equity loans and lines, automobile financing, personal loans and lines of credit, overdraft and check lines. Our policy includes standards used in the industry on debt service ratios and terms are consistent with prudent underwriting standards and the use of proceeds. Verifications are made of employment and residency, along with credit history.

Second mortgages are confined to equity borrowing and home improvements. Terms are generally fifteen years or less. Loan to collateral value criteria is 90% or less and verifications are made to determine values. Automobile financing is generally restricted to five years and done on both an indirect and direct basis. The Banks, as a practice, do not floor plan and therefore do not discount dealer paper. Small loan requests are to accommodate personal needs such as debt consolidation or the purchase of small appliances. Overdraft check lines are usually limited to $5,000 or less.

The Banks' investment portfolios are analyzed and priced on a monthly basis. Investments are made in U.S. Treasuries, U.S. Agency issues, bank qualified tax-exempt municipal bonds, taxable municipal bonds, corporate bonds, and corporate stocks which consist of Pennsylvania bank stocks. Bonds with BBB or better ratings are used, unless a local issue is purchased that has a lesser or no rating. Factors taken into consideration when investments are purchased include liquidity, the Corporation's tax position, tax equivalent yield, third party investment ratings, and the policies of the Asset/Liability Committee.

The banking environment in Lycoming, Clinton, Centre, Montour, Union, Blair, and Luzerne Counties, Pennsylvania is highly competitive. The Banks operate twenty-four full service offices in these markets and compete for loans and deposits with numerous commercial banks, savings and loan associations, and other financial institutions. The economic base of the region is developed around small business, health care, educational facilities (college and public schools), light manufacturing industries, and agriculture.

The Banks have a relatively stable deposit base and no material amount of deposits is obtained from a single depositor or group of depositors, excluding public entities that account for approximately 6% of total deposits. Although the Banks have regular opportunities to bid on pools of funds of $100,000 or more in the hands of municipalities, hospitals, and others, it does not rely on these monies to fund loans or intermediate or longer-term investments.

The Banks have not experienced any significant seasonal fluctuations in the amount of deposits.

Supervision and Regulation

As referenced elsewhere, the banking business is highly regulated, and the Banks are only able to engage in business activities, and to provide products and services, that are permitted by applicable law and regulation. In addition, the earnings of the Banks are affected by the policies of regulatory authorities including the FDIC and the FRB. An important function of the FRB is to regulate the money supply and interest rates. Among the instruments used to implement these objectives are open market operations in U.S. Government Securities, changes in reserve requirements against member bank deposits, and limitations on interest rates that member banks may pay on time and savings deposits. These instruments are used in varying combinations to influence overall growth and distribution of bank loans, and their use may also affect interest rates charged on loans or paid for deposits.

The policies and regulations of the FRB have had and will probably continue to have a significant effect on the Banks' deposits, loans and investment growth, as well as the rate of interest earned and paid, and are expected to affect the Banks' operation in the future. The effect of such policies and regulations upon the future business and earnings of the Banks cannot accurately be predicted.

ITEM 1A RISK FACTORS

Risks Related to our Business

The following sets forth several risk factors that may affect the Corporation's financial condition or results of operations.

Changes in interest rates could reduce our income, cash flows and asset values.

Our income and cash flows and the value of our assets depend to a great extent on the difference between the interest rates we earn on interest-earning assets, such as loans and investment securities, and the interest rates we pay on interest-bearing liabilities such as deposits and borrowings. These rates are highly sensitive to many factors which are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Board of Governors of the Federal Reserve System. Changes in monetary policy, including changes in interest rates, will influence not only the interest we receive on our loans and investment securities and the amount of interest we pay on deposits and borrowings but will also affect our ability to originate loans and obtain deposits and the value of our investment portfolio. If the rate of interest we pay on our deposits and other borrowings increases more than the rate of interest we earn on our loans and other investments, our net interest income, and therefore our earnings, could be adversely affected. Our earnings also could be adversely affected if the rates on our loans and other investments fall more quickly than those on our deposits and other borrowings.

Economic conditions either nationally or locally in areas in which our operations are concentrated may adversely affect our business.

Deterioration in local, regional, national, or global economic conditions could cause us to experience a reduction in deposits and new loans, an increase in the number of borrowers who default on their loans, and a reduction in the value of the collateral securing their loans, all of which could adversely affect our performance and financial condition. Unlike larger banks that are more geographically diversified, we provide banking and financial services locally. Therefore, we are particularly vulnerable to adverse local economic conditions.

Many of our loans are secured, in whole or in part, with real estate collateral which is subject to declines in value.

In addition to considering the financial strength and cash flow characteristics of a borrower, we often secure our loans with real estate collateral. Real estate values and the real estate market are generally affected by, among other things, changes in local, regional or national economic conditions, fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies, and acts of nature. The real estate collateral provides an alternate source of repayment in the event of default by the borrower. If real estate prices in our markets decline, the value of the real estate collateral securing our loans could be reduced. If we are required to liquidate real estate collateral securing loans during a period of reduced real estate values to satisfy the debt, our earnings and capital could be adversely affected.

Our information systems may experience an interruption or breach in security.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer-relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of our information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur; or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny or expose us to civil litigation and possible financial liability; any of which could have a material adverse effect on our financial condition and results of operations.

We face the risk of cyber-attack to our computer systems.

Our computer systems, software and networks have been and will continue to be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber-attacks and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to our reputation with our clients and the market, additional costs to us (such as repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses, to both us and our clients and customers. Such events could also cause interruptions or malfunctions in our operations (such as the lack of availability of our online banking system), as well as the operations of our clients, customers or other third parties. Although we maintain safeguards to protect against these risks, there can be no assurance that we will not suffer losses in the future that may be material in amount.

Competition may decrease our growth or profits.

We face substantial competition in all phases of our operations from a variety of different competitors, including commercial banks, savings and loan associations, mutual savings banks, credit unions, consumer finance companies, factoring companies, leasing companies, insurance companies, and money market mutual funds. There is very strong competition among financial services providers in our principal service area. Our competitors may have greater resources, higher lending limits, or larger branch systems than we do. Accordingly, they may be able to offer a broader range of products and services as well as better pricing for those products and services than we can.

In addition, some of the financial services organizations with which we compete are not subject to the same degree of regulation as is imposed on federally insured financial institutions. As a result, those non-bank competitors may be able to access funding and provide various services more easily or at less cost than we can, adversely affecting our ability to compete effectively.

The value of certain investment securities is volatile and future declines or other-than-temporary impairments could materially adversely affect our future earnings and regulatory capital.

Continued volatility in the market value for certain of our investment securities, whether caused by changes in market perceptions of credit risk, as reflected in the expected market yield of the security, or actual defaults in the portfolio could result in significant fluctuations in the value of the securities. This could have a material adverse impact on our accumulated other comprehensive income/loss and shareholders' equity depending on the direction of the fluctuations. Furthermore, future downgrades or defaults in these securities could result in future classifications of investment securities as other than temporarily impaired. This could have a material impact on our future earnings.

We may be adversely affected by government regulation.

The banking industry is heavily regulated. Banking regulations are primarily intended to protect the federal deposit insurance funds and depositors, not shareholders. Changes in the laws, regulations, and regulatory practices affecting the banking industry may increase our costs of doing business or otherwise adversely affect us and create competitive advantages for others. Regulations affecting banks and financial services companies undergo continuous change, and we cannot predict the ultimate effect of these changes, which could have a material adverse effect on our profitability or financial condition.

The potential exists for additional federal or state laws and regulations, or changes in policy, affecting many aspects of our operations, including capital levels, lending and funding practices, and liquidity standards. New laws and regulations may increase our costs of regulatory compliance and of doing business and otherwise affect our operations, and may significantly affect the markets in which we do business, the markets for and value of our loans and investments, the fees we can charge and our ongoing operations, costs and profitability.

We rely on our management and other key personnel, and the loss of any of them may adversely affect our operations.

We are and will continue to be dependent upon the services of our executive management team. In addition, we will continue to depend on our ability to retain and recruit key commercial loan officers. The unexpected loss of services of any key management personnel or commercial loan officers could have an adverse effect on our business and financial condition because of their skills, knowledge of our market, years of industry experience, and the difficulty of promptly finding qualified replacement personnel.

Environmental liability associated with lending activities could result in losses.

In the course of our business, we may foreclose on and take title to properties securing our loans. If hazardous substances were discovered on any of these properties, we could be liable to governmental entities or third parties for the costs of remediation of the hazard, as well as for personal injury and property damage. Many environmental laws can impose liability regardless of whether we knew of, or were responsible for, the contamination. In addition, if we arrange for the disposal of hazardous or toxic substances at another site, we may be liable for the costs of cleaning up and removing those substances from the site even if we neither own nor operate the disposal site. Environmental laws may require us to incur substantial expenses and may materially limit use of properties we acquire through foreclosure, reduce their value or limit our ability to sell them in the event of a default on the loans they secure. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability.

Failure to implement new technologies in our operations may adversely affect our growth or profits.

The market for financial services, including banking services and consumer finance services, is increasingly affected by advances in technology, including developments in telecommunications, data processing, computers, automation, Internet-based banking, and telebanking. Our ability to compete successfully in our markets may depend on the extent to which we are able to exploit such technological changes. However, we can provide no assurance that we will be able to properly or timely anticipate or implement such technologies or properly train our staff to use such technologies. Any failure to adapt to new technologies could adversely affect our business, financial condition, or operating results.

External events, including natural disasters, national or global health emergencies, and events of armed conflict in other countries, and terrorist threats could impact our ability to do business or otherwise adversely affect our business, operations or financial condition.

Financial institutions, like other businesses, are susceptible to the effects of external events that can compromise operating and communications systems and otherwise have adverse effects. Such events, should they occur, can cause significant damage, impact the stability of our operations or facilities, result in additional expense, or impair the ability of our borrowers to repay their loans. Although we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations, and financial condition. In addition, other external events, including natural disasters, health emergencies and epidemics or pandemics, such as the COVID-19 pandemic, and events of armed conflict in other parts of the world, such as the present armed conflict involving Ukraine and Russia, could adversely affect the global or regional economies resulting in unfavorable economic conditions in the United States. Any such development could have an adverse effect on our business, operations or financial condition.

An investment in our common stock is not an insured deposit.

Our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund, or by any other public or private entity. Investment in our common stock is subject to the same market forces that affect the price of common stock in any company.

Risks Related to the Merger with Northwest

Because the market price of Northwest common stock may fluctuate, holders of the Corporation's common stock cannot be certain of the market value of the Merger consideration they will receive.

Under the terms of the Merger Agreement with Northwest, holders of the Corporation's common stock will receive 2.385 shares of Northwest common stock for each share of the Corporation's common stock they hold immediately prior to the effective time. Any change in the market price of Northwest common stock prior to the completion of the Merger will affect the market value of the consideration that the Corporation's shareholders will receive following completion of the Merger. Stock price changes may result from a variety of factors that are beyond the control of Northwest and the Corporation, including but not limited to general market and economic conditions, changes in their respective businesses, operations and prospects, and regulatory considerations.

Northwest could experience difficulties in managing its growth and effectively integrating the operations of the Corporation and its subsidiary banks.

The earnings, financial condition and prospects of Northwest after the Merger will depend in part on Northwest's ability to integrate successfully the operations of the Corporation, JSSB, and Luzerne and to continue to implement its own business plan. Northwest may not be able to fully achieve the strategic objectives and projected operating efficiencies anticipated in the Merger. The costs or difficulties relating to the integration of the Corporation, JSSB, and Luzerne with the Northwest organization may be greater than expected or the cost savings from any anticipated economies of scale of the combined organization may be lower or take longer to realize than expected. Inherent uncertainties exist in integrating the operations of any acquired entity, and Northwest may encounter difficulties, including matters such as loss of key employees and customers, and the disruption of its ongoing business or possible inconsistencies in standards, controls, procedures and policies, among others. These factors could contribute to Northwest not fully achieving the expected benefits from the Merger.

The Merger Agreement limits the Corporation's ability to pursue alternatives to the Merger, may discourage other acquirers from offering a higher valued transaction to the Corporation and may, therefore, result in less value for the Corporation's shareholders.

The Merger Agreement with Northwest contains a provision that, subject to certain limited exceptions, prohibits the Corporation from soliciting, negotiating, or providing confidential information to any third party relating to any competing proposal to acquire the Corporation or its subsidiary banks.

In addition, if the Merger Agreement is terminated by the Corporation under certain circumstances involving alternative acquisition proposals, the Corporation may be required to pay a $10.0 million termination fee to Northwest. The requirement that the Corporation make such a payment could discourage another company from making a competing proposal.

Completion of the Merger is subject to many conditions and if these conditions are not satisfied or waived, the Merger will not be completed.

The respective obligations of Northwest and the Corporation to complete the Merger are subject to the fulfillment or written waiver of many conditions, including approval by the requisite vote of the Corporation's shareholders, receipt of requisite regulatory approvals, absence of orders prohibiting completion of the Merger, continued effectiveness of the registration statement of which this document is a part, approval of the Northwest common stock to be issued to the Corporation's shareholders for listing on the Nasdaq Global Select Market®, the continued accuracy of the representations and warranties by both parties, and the performance by both parties of their covenants and agreements. These conditions to the consummation of the Merger may not be fulfilled and, accordingly, the Merger may not be completed. In addition, if the Merger is not completed by December 31, 2025, either Northwest or Corporation may have the opportunity to choose not to proceed with the Merger, and the parties can mutually decide to terminate the Merger Agreement at any time, before or after approval by the requisite vote of the Corporation's shareholders. In addition, Northwest or the Corporation may elect to terminate the Merger Agreement in certain other circumstances.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the Merger.

Before the Merger and the subsidiary bank mergers may be completed, various approvals, consents and non-objections must be obtained from the Federal Reserve, FDIC, the Department, and other regulatory authorities. In determining whether to grant these approvals, these regulatory authorities consider a variety of factors, including the regulatory standing of each party. These approvals could be delayed or not obtained at all, due to a number of factors including any or all of the following: an adverse development in either party's regulatory standing, or any other factors considered by regulatory authorities in granting such approvals; governmental, political or community group inquiries, investigations or opposition; changes in legislation or the political environment, including as a result of changes of the U.S. executive administration or congressional leadership and regulatory agency leadership. The approvals that are granted may impose terms and conditions, limitations, obligations or costs, or place restrictions on the conduct of the combined company's business or require changes to the terms of the transactions contemplated by the Merger Agreement. There can be no assurance that the regulatory authorities will not impose any such conditions, limitations, obligations, or restrictions or that such conditions, limitations, obligations, or restrictions will not have the effect of delaying the completion of any of the transactions contemplated by the Merger Agreement, imposing additional material costs on or materially limiting the revenues of the combined company following the Merger or will otherwise reduce the anticipated benefits of the Merger. In addition, there can be no assurance that any such conditions, limitations, obligations or restrictions will not result in the delay or abandonment of the Merger. Additionally, the completion of the Merger is conditioned on the absence of certain orders, injunctions or decrees by any governmental entity of competent jurisdiction that would prohibit or make illegal the completion of any of the transactions contemplated by the Merger Agreement. Despite the parties' commitments to use their reasonable best efforts to respond to any request for information and resolve any objection that may be asserted by any governmental entity with respect to the Merger Agreement, none of Northwest, the Corporation, or their respective subsidiaries is required under the terms of the Merger Agreement to take any action, or commit to take any action, or agree to any condition or restriction in connection with obtaining these approvals, that would reasonably be likely to have a material adverse effect on the combined company and its subsidiaries, taken as a whole, after giving effect to the Merger.

Failure to complete the Merger could negatively impact the value of the Corporation's stock and its future businesses and financial results

If the Merger is not completed, the Corporation's ongoing businesses may be adversely affected and it will be subject to several risks, including the following:

- payment of certain costs relating to the Merger, whether or not the Merger is completed, such as legal, accounting, financial advisor, and printing fees;
- under the Merger Agreement, the Corporation is subject to certain restrictions regarding the conduct of its business before completion the Merger, which may adversely affect its ability to execute certain of its business strategies; and
- matters relating to the Merger may require substantial commitments of time and resources by management, which could otherwise have been devoted to other opportunities that may have been beneficial to the Corporation as independent companies.

In addition, if the Merger is not completed, the Corporation may experience negative reactions from customers and employees. Employees could resign and obtain other employment as a result of the potential Merger. The Corporation also could be subject to litigation related to any failure to complete the Merger.

The combined company is expected to incur substantial costs in connection with integration. There are a large number of processes, policies, procedures, operations, technologies and systems that may need to be integrated, including data processing, purchasing, accounting and finance, payroll, compliance, treasury management, branch operations, vendor management, risk management, lines of business, pricing and benefits. Although the Corporation and Northwest have assumed that a certain level of costs will be incurred, there are many factors beyond their control that could affect the total amount or the timing of the integration costs. Moreover, many of the costs that will be incurred are, by their nature, difficult to estimate accurately. These integration costs may result in the combined company taking charges against earnings in connection with the Merger, and the amount an timing of such charges are uncertain at present.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 1C CYBERSECURITY RISK MANAGEMENT, STRATEGY AND GOVERNANCE

The Corporation maintains comprehensive and continually evolving processes for assessing, identifying, and managing material risks from cybersecurity threats, including any potential unauthorized occurrence on, or conducted through, the Corporation's information systems that may result in adverse effects on the confidentiality, integrity, or availability of such systems or any information residing on such systems. The processes relating to cybersecurity threats are integrated into the Corporation's overall risk management processes, which are overseen by the entire board of directors and not delegated to any committee or subcommittee of the board.

As part of the Corporation's overall risk management processes, the board of directors has established both a senior management Risk Management Committee and a separate senior management Information Technology Steering Committee. Each of these Committees meets regularly and consists of the Corporation's senior management department heads, plus the Chief Executive Officer and the President and Chief Financial Officer of the Corporation (each of whom also serves as a director of the Corporation). The Information Technology Steering Committee reports directly to the board of directors, with the Corporation's Chief Information Officer ("CIO") presenting to the board a detailed report on information systems and cybersecurity matters at least once annually. The board of directors also receives and reviews copies of minutes of all meetings of both the Risk Management Committee and the Information Technology Steering Committee.

The Corporation's information technology resources are managed by a separate Information Technology Department, which is responsible for identifying, assessing, and managing material risks from cybersecurity threats. The Information Technology Department is managed by the CIO, who reports to the Corporation's President and Chief Financial Officer. The present CIO has been employed by the Corporation in the information technology area for twenty-nine years and holds an undergraduate degree in computer science. The Information Technology Department also employs a separate Information Security Officer ("ISO"), whose responsibilities include security relating to the Corporation's information systems. The present ISO is a Certified Information Systems Security Professional and also a Certified Fraud Examiner. The ISO reports directly to the Information Technology Steering Committee and to the Chief Risk Officer. The ISO, among other duties, supervises internal employee training relating to cybersecurity risks, conducts access reviews relating to the Corporation's information systems, and monitors implemented checks and balances relating to access to information. Information relating to cybersecurity risks and cybersecurity incidents, if any, is reported by the CIO and the ISO to both the Risk Management Committee and to the Information Technology Steering Committee, each of which Committees includes the Chief Executive Officer and the President and Chief Financial Officer who are also directors of the Corporation.

The Corporation maintains an Incident Response Plan that provides documented guidelines for handling potential threats and taking appropriate measures including timely notification of cybersecurity threats and incidents to senior management and the board of directors when appropriate. The Incident Response Plan is managed by the Information Technology Department, including the ISO, and is reviewed and tested at least annually.

The Corporation uses third-party vendors to assist in monitoring, detecting, and managing cyber threats, including managed security service monitoring, penetration testing and vulnerability assessment. The Risk Management Committee has established risk management guidelines for third-party vendors. The Corporation conducts due diligence reviews of third-party vendors before contracts or agreements for provision of services are signed and conducts ongoing due diligence and oversight procedures with the frequency of the procedures determined based on a risk assessment of the services provided. Generally, the Corporation's agreements with service providers include requirements related to cybersecurity and data privacy. All such agreements are reviewed at least annually. The Corporation cannot guarantee, however, that such agreements, due diligence, and oversight procedures will prevent a cybersecurity incident from impacting information systems. Moreover, as a result of applicable laws and regulations or applicable contractual provisions, the Corporation may be held responsible for cybersecurity incidents attributed to its service providers in relation to any data that the Corporation shares with such providers.

To date, the Corporation has not experienced any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Corporation, including its business strategy, results of operations, or financial condition. As discussed under "Risk Factors" in Item 1A, however, the sophistication of cybersecurity threats continues to increase, and the preventative actions taken by the Corporation to reduce the risk of cybersecurity threats or incidents may not be sufficient in a particular circumstance. Accordingly, the Corporation may not be able to anticipate all cybersecurity breaches no matter how well designed or implemented the Corporation's cybersecurity controls and procedures are, and the Corporation may not be able to implement effective preventive measures against such security breaches in a timely manner.

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ITEM 2 PROPERTIES

The Corporation owns or leases its properties. Listed herewith are the locations of properties owned or leased as of December 31, 2024, in which the banking offices are located; all properties are in good condition and adequate for the Corporation's purposes:

Jersey Shore State Bank & Subsidiaries

Office	Address	Ownership
Main Street	115 South Main Street, PO Box 5098 Jersey Shore, PA 17740	Owned
Bridge Street	112 Bridge Street Jersey Shore, PA 17740	Owned
DuBoistown	2675 Euclid Avenue Williamsport, PA 17702	Owned
Williamsport	300 Market Street P.O. Box 967 Williamsport, PA 17703-0967	Owned
Montgomery	9094 Rt. 405 Highway Montgomery, PA 17752	Owned
Lock Haven	4 West Main Street Lock Haven, PA 17745	Owned
Mill Hall	(Inside Wal-Mart), 173 Hogan Boulevard Mill Hall, PA 17751	Under Lease
Centre Hall	2842 Earlystown Road Centre Hall, PA 16828	Land Under Lease
State College	2050 North Atherton Street State College, PA 16803	Land Under Lease
Montoursville	820 Broad Street Montoursville, PA 17754	Owned
Danville	150 Continental Boulevard Danville, PA 17821	Under Lease
Loyalsock	1720 East Third Street Williamsport, PA 17701	Owned
Lewisburg	550 North Derr Drive Lewisburg, PA 17837	Owned
Muncy-Hughesville	3081 Route 405 Highway Muncy, PA 17756	Owned
Altoona	503 East Plank Road Altoona, PA 16602	Under Lease
Bellefonte	835 East Bishop Street Bellefonte, PA 16823	Under Lease
The M Group, Inc. D/B/A The Comprehensive Financial Group	1720 East Third Street Williamsport, PA 17701	Owned

Luzerne Bank		
Office	**Address**	**Ownership**
Dallas	509 Main Road Memorial Highway Dallas, PA 18612	Owned
Lake	Corners of Rt. 118 & 415 Dallas, PA 18612	Owned
Hazle Twp.	10 Dessen Drive Hazle Twp., PA 18202	Owned
Luzerne	118 Main Street Luzerne, PA 18709	Owned
Wilkes-Barre	924 Wilkes-Barre Township Boulevard Wilkes-Barre, PA 18702	Under Lease
Conyngham Valley	669 State Route 93 STE 5 Sugarloaf, PA 18249	Under Lease
Pittston	285 South Main Street Pittston, PA 18640	Under Lease
Forty Fort	1320 Wyoming Avenue Forty Fort, PA 18704	Under Lease

ITEM 3 LEGAL PROCEEDINGS

The Corporation is subject to lawsuits and claims arising out of its business in the ordinary course. In the opinion of management, after review and consultation with counsel, there are no legal proceedings currently pending or threatened that are reasonably likely to have a material adverse effect on the consolidated financial position or results of operations of the Corporation.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The Corporation's common stock is listed on the NASDAQ Global Select Market under the symbol "PWOD". The following table sets forth (1) the quarterly high and low closing sale prices for a share of the Corporation's common stock during the periods indicated, and (2) quarterly dividends on a share of the common stock with respect to each quarter since January 1, 2022.

	Price Range		Dividends
	High	Low	Declared
2024			
First quarter	$ 22.64	$ 18.44	$ 0.32
Second quarter	21.08	17.17	0.32
Third quarter	23.98	19.29	0.32
Fourth quarter	34.06	23.74	0.32
2023			
First quarter	$ 27.77	$ 21.90	$ 0.32
Second quarter	27.34	21.95	0.32
Third quarter	27.17	20.70	0.32
Fourth quarter	23.64	20.05	0.32
2022			
First quarter	$ 24.67	$ 23.64	$ 0.32
Second quarter	24.35	22.34	0.32
Third quarter	24.29	22.02	0.32
Fourth quarter	26.89	23.15	0.32

The Corporation has paid dividends since the effective date of its formation as a bank holding company. It is the present intention of the Corporation's board of directors to continue the dividend payment policy; however, further dividends must necessarily depend upon earnings, financial condition, appropriate legal restrictions, and other factors relevant at the time the board of directors of the Corporation considers dividend policy. Cash available for dividend distributions to shareholders of the Corporation primarily comes from dividends paid by JSSB and Luzerne to the Corporation. Therefore, the restrictions on the Banks' dividend payments are directly applicable to the Corporation. See also the information appearing in Note 19 to "Notes to Consolidated Financial Statements" for additional information related to dividend restrictions.

Under the Pennsylvania Business Corporation Law of 1988 a corporation may not pay a dividend, if after giving effect thereto, the corporation would be unable to pay its debts as they become due in the usual course of business and after giving effect thereto the total assets of the corporation would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of the shareholders whose preferential rights are superior to those receiving the dividend.

As of February 19, 2025, the Corporation had approximately 1,090 shareholders of record.

Following is a schedule of the shares of the Corporation's common stock purchased by the Corporation during the fourth quarter of 2024.

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Units) Purchased	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (October 1 - October 31, 2024)	—	$ —	—	376,000
Month #2 (November 1 - November 30, 2024)	—	—	—	376,000
Month #3 (December 1 - December 31, 2024)	—	—	—	376,000

ITEM 6 [RESERVED]

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

NET INTEREST INCOME

Net interest income is determined by calculating the difference between the yields earned on interest-earning assets and the rates paid on interest-bearing liabilities. To compare the tax-exempt asset yields to taxable yields, amounts are adjusted to taxable equivalents based on the marginal corporate federal tax rate of 21%. The tax equivalent adjustments to net interest income for 2024, 2023, and 2022 were $486,000, $525,000, and $522,000, respectively.

2024 vs. 2023

Reported net interest income increased $3,916,000 to $58,880,000 for the year ended December 31, 2024 compared to the year ended December 31, 2023, as the impact of growth in the earning asset portfolio balance and yield more than offset the increases in rate paid and average balance of interest-bearing liabilities. Total interest income increased $18,103,000 or $18,064,000 on a tax equivalent basis, primarily from growth in the loan portfolio balance and yield. Tax equivalent interest income on the investment portfolio increased as legacy assets matured with the proceeds reinvested predominately into short and medium term bonds carrying a higher yield than the legacy assets.

Interest expense increased $14,187,000 to $50,818,000 for the year ended December 31, 2024 compared to 2023. The increase in interest expense was driven by a 96 bp increase in the average rate paid on interest-bearing deposits led by a 93 bp increase in the average rate paid on money market deposits coupled with an increase of 87 bp in the average rate paid on time deposits. Impacting the increase in time deposit expense was the increased utilization of brokered time deposits that were utilized in place of higher cost short-term borrowings. Interest expense on total borrowings increased $356,000 as the increase in rate paid on borrowings more than offset the decrease in average balance of total borrowings of $4,338,000 from 2023 levels.

2023 vs. 2022

Reported net interest income decreased $2,816,000 to $54,964,000 for the year ended December 31, 2023 compared to the year ended December 31, 2022, as the growth in the earning asset portfolio balance and yield was more than offset by an increase in rate paid on interest-bearing liabilities. Total interest income increased $26,667,000 or $26,670,000 on a tax equivalent basis, primarily from growth in the loan portfolio balance and yield. Tax equivalent interest income on the investment portfolio increased as legacy assets matured with the proceeds reinvested predominately into short and medium term bonds carrying a higher yield than the legacy assets. The overall increase in the yield on the earning asset portfolio was driven by the impact of the rate increases enacted by the Federal Open Market Committee ("FOMC").

Interest expense increased $29,483,000 to $36,631,000 for the year ended December 31, 2023 compared to 2022. The increase in interest expense was driven by a 168 bp increase in the average rate paid on interest-bearing deposits led by a 282 bp increase in the average rate paid on time deposits coupled with an increase of $131,270,000 in average time deposit balances as deposits shifted from lower cost core deposits and the use of brokered deposits increased. Interest expense on total borrowings increased $11,042,000 as utilization of borrowings increased to supplement the funding of the loan portfolio growth.

AVERAGE BALANCES AND INTEREST RATES

The following tables set forth certain information relating to the Corporation's average balance sheet and reflect the average yield on assets and average cost of liabilities for the periods indicated and the average yields earned and rates paid. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods presented.

	2024			2023			2022		
(Dollars In Thousands)	**Average Balance (1)**	**Interest**	**Average Rate**	**Average Balance (1)**	**Interest**	**Average Rate**	**Average Balance (1)**	**Interest**	**Average Rate**
Assets:									
Tax-exempt loans (3)	$ 69,448	$ 1,943	2.80 %	$ 66,863	$ 1,849	2.77 %	$ 55,364	$ 1,441	2.60 %
All other loans (4)	1,796,096	98,245	5.47 %	1,691,742	81,830	4.84 %	1,439,550	57,544	4.00 %
Total loans (2)	1,865,544	100,188	5.37 %	1,758,605	83,679	4.76 %	1,494,914	58,985	3.95 %
Fed funds sold	—	—	— %	—	—	— %	32,863	465	1.41 %
Taxable securities	202,934	9,072	4.47 %	189,804	7,263	3.83 %	156,584	4,455	2.88 %
Tax-exempt securities (3)	13,045	370	2.84 %	23,872	654	2.74 %	44,301	1,042	2.38 %
Total securities	215,979	9,442	4.37 %	213,676	7,917	3.71 %	200,885	5,497	2.77 %
Interest-bearing deposits	11,074	554	5.00 %	10,916	524	4.80 %	74,401	503	0.68 %
Total interest-earning assets	2,092,597	110,184	5.27 %	1,983,197	92,120	4.65 %	1,803,063	65,450	3.63 %
Other assets	132,720			131,704			128,213		
Total assets	$ 2,225,317			$ 2,114,901			$ 1,931,276		
Liabilities and shareholders' equity:									
Savings	$ 215,107	1,077	0.50 %	$ 231,000	685	0.30 %	$ 247,003	138	0.06 %
Super Now deposits	218,932	4,373	2.00 %	276,868	4,155	1.50 %	387,370	1,344	0.35 %
Money market deposits	311,836	10,390	3.33 %	292,755	7,024	2.40 %	289,820	1,105	0.38 %
Time deposits	460,869	20,122	4.37 %	293,252	10,267	3.50 %	161,982	1,103	0.68 %
Total interest-bearing deposits	1,206,744	35,962	2.98 %	1,093,875	22,131	2.02 %	1,086,175	3,690	0.34 %
Short-term borrowings	82,046	4,503	5.49 %	157,140	8,401	5.36 %	29,315	1,007	3.44 %
Long-term borrowings	256,850	10,353	4.03 %	186,094	6,099	3.28 %	110,027	2,451	2.32 %
Total borrowings	338,896	14,856	4.40 %	343,234	14,500	4.23 %	139,342	3,458	2.48 %
Total interest-bearing liabilities	1,545,640	50,818	3.29 %	1,437,109	36,631	2.55 %	1,225,517	7,148	0.58 %
Demand deposits	454,878			477,828			519,189		
Other liabilities	30,680			31,243			24,182		
Shareholders' equity	194,119			168,721			162,388		
Total liabilities and shareholders' equity	$ 2,225,317			$ 2,114,901			$ 1,931,276		
Interest rate spread			1.98 %			2.10 %			3.05 %
Net interest income/margin		$ 59,366	2.83 %		$ 55,489	2.80 %		$ 58,302	3.24 %

1. Information on this table has been calculated using average daily balance sheets to obtain average balances.
2. Non-accrual loans have been included with loans for the purpose of analyzing net interest earnings.
3. Income and rates on a fully taxable equivalent basis include an adjustment for the difference between annual income from tax-exempt obligations and the taxable equivalent of such income at the standard tax rate of 21% see reconciliation below.
4. Fees on loans are included with interest on loans as follows: 2024 - $639,000; 2023 - $301,000; 2022 - $529,000.

Reconciliation of Taxable Equivalent Net Interest Income

(In Thousands)	2024	2023	2022
Total interest income	$ 109,698	$ 91,595	$ 64,928
Total interest expense	50,818	36,631	7,148
Net interest income	58,880	54,964	57,780
Tax equivalent adjustment	486	525	522
Net interest income (fully taxable equivalent)	$ 59,366	$ 55,489	$ 58,302

Rate/Volume Analysis

The table below sets forth certain information regarding changes in our interest income and interest expense for the periods indicated. For interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (changes in average volume multiplied by old rate) and (ii) changes in rates (changes in rate multiplied by old average volume). Increases and decreases due to both interest rate and volume, which cannot be separated, have been allocated proportionally to the change due to volume and the change due to interest rate. Income and interest rates are on a taxable equivalent basis.

	Year Ended December 31,					
	2024 vs. 2023 Increase (Decrease) Due To			2023 vs. 2022 Increase (Decrease) Due To		
(In Thousands)	Volume	Rate	Net	Volume	Rate	Net
Interest income:						
Loans, tax-exempt	$ 73	$ 21	$ 94	$ 311	$ 97	$ 408
Loans	5,279	11,136	16,415	11,046	13,240	24,286
Fed funds sold	—	—	—	(465)	—	(465)
Taxable investment securities	529	1,280	1,809	1,099	1,709	2,808
Tax-exempt investment securities	(285)	1	(284)	(532)	144	(388)
Interest-bearing deposits	4	26	30	(432)	453	21
Total interest-earning assets	5,600	12,464	18,064	11,027	15,643	26,670
Interest expense:						
Savings deposits	(6)	398	392	(11)	558	547
Super Now deposits	(445)	663	218	(487)	3,298	2,811
Money market deposits	485	2,881	3,366	11	5,908	5,919
Time deposits	6,868	2,987	9,855	1,499	7,665	9,164
Short-term borrowings	(3,904)	6	(3,898)	6,555	839	7,394
Long-term borrowings	2,657	1,597	4,254	2,170	1,478	3,648
Total interest-bearing liabilities	5,655	8,532	14,187	9,737	19,746	29,483
Change in net interest income	$ (55)	$ 3,932	$ 3,877	$ 1,290	$ (4,103)	$ (2,813)

PROVISION FOR CREDIT LOSSES

2024 vs. 2023

The provision for credit losses is based upon management's quarterly review of the loan portfolio. The purpose of the review is to assess loan quality, identify impaired loans, analyze delinquencies, ascertain loan growth, evaluate potential charge-offs and recoveries, and assess general economic conditions in the markets served. An external independent loan review is also performed semi-annually for the Corporation. Management remains committed to an aggressive program of problem loan identification and resolution.

The allowance is calculated by applying loss factors to outstanding loans by type, excluding loans for which a specific allowance has been determined. Loss factors are based on discounted cash flow calculations made on each loan in the segment, adjusted for changes in the internal and external environment through qualitative adjustments and forecasts. In addition, management considers industry standards and trends with respect to nonperforming loans and its knowledge and experience with specific lending segments.

Although management believes that it uses the best information available to make such determinations and that the allowance for credit losses is adequate at December 31, 2024, future adjustments could be necessary if circumstances or economic conditions differ substantially from the assumptions used in making the initial determinations. A downturn in the local economy or employment and delays in receiving financial information from borrowers could result in increased levels of nonperforming assets and charge-offs, increased credit loss provisions and reductions in interest income. Additionally, as an integral part of the examination process, bank regulatory agencies periodically review the Banks' credit loss allowance. The banking regulators could require additions to the credit loss allowance based on their judgment of information available to them at the time of their examination.

When determining the appropriate allowance level, management has attributed the allowance for credit losses to various portfolio segments; however, the allowance is available for the entire portfolio as needed.

The allowance for credit losses increased from $11,446,000 at December 31, 2023 to $11,848,000 at December 31, 2024. At December 31, 2024, the allowance for credit losses was 0.63% of total loans compared to 0.62% of total loans at December 31, 2023. The allowance increased from December 31, 2023 to December 31, 2024 by $402,000, which was affected by net charge offs of $540,000 and growth within the portfolio for the 2024 period.

The provision for loan credit losses totaled $942,000 for the year ended December 31, 2024 compared to a recovery of $927,000 for the year ended December 31, 2023. The increase in the provision was appropriate when considering the impact of the net charge offs during 2024, and gross loan growth of $37,314,000. Net charge offs of $540,000 represented 0.03% of average loans for the year ended December 31, 2024 compared to net recoveries of $525,000 or 0.03% of average loans for the year ended December 31, 2023 which increased the historical loss rate in the model. The provision related to the commercial, financial and agricultural segment of the loan portfolio decreased due to net recoveries of $582,000 at December 31, 2024 for the segment. An increase occurred in the automobile segment of the loan portfolio due an increase of $316,000 in net charge-offs. Non-performing loans increased due to an addition of a commercial relationship during 2024. The majority of the non-performing loans are centered on several loans that are either in a secured position and have sureties with a strong underlying financial position and/or a specific allowance within the allowance for credit losses. Significant loan portfolio growth, internal loan review and analysis, level of net charge offs, and an increased level of non-performing loans noted previously, dictated an increase in the provision for credit losses resulting in the allowance for loan losses as a percentage of gross loans to increase. Utilizing both internal and external resources, as noted, senior management has concluded that the allowance for credit losses remains at a level adequate to provide for expected credit losses inherent in the loan portfolio.

2023 vs. 2022

The allowance for credit losses decreased from $15,637,000 at December 31, 2022 to $11,446,000 at December 31, 2023. At December 31, 2023, the allowance for credit losses was 0.62% of total loans compared to 0.95% of total loans at December 31, 2022. The decrease in allowance was primarily due to the adoption of CECL on January 1, 2023 which decreased the reserve by $3,789,000 coupled with net recoveries of $525,000 for the period ended December 31, 2023.

The provision for loan credit losses was a recovery of $927,000 for the year ended December 31, 2023 compared to $1,910,000 for the year ended December 31, 2022. The decrease in the provision was appropriate when considering the impact of CECL adoption, net recoveries during 2023, and gross loan growth of $200,033,000. Net recoveries of $525,000 represented 0.03% of average loans for the year ended December 31, 2023 compared to net charge-offs of $449,000 or 0.03% of average loans for the year ended December 31, 2022 which reduced the historical loss rate in the model. The provision related to the commercial, financial and agricultural segment of the loan portfolio decreased due to an increase in net recoveries of $1,332,000 coupled with the adoption of CECL. An increase occurred in the automobile segment of the loan portfolio due to portfolio growth and an increase in net charge-offs. Non-performing loans decreased due to a payoff of a non-performing loan during 2023. The majority of the non-performing loans are centered on several loans that are either in a secured position and have sureties with a strong underlying financial position and/or a specific allowance within the allowance for credit losses. Significant loan portfolio growth, impact of CECL adoption, internal loan review and analysis, level of net recoveries, and decreased level of non-performing loans noted previously, dictated a decrease in the provision for credit losses resulting in the allowance for loan losses as a percentage of gross loans to decrease. Utilizing both internal and external resources, as noted, senior management has concluded that the allowance for credit losses remains at a level adequate to provide for expected credit losses inherent in the loan portfolio.

NON-INTEREST INCOME

2024 vs. 2023

Total non-interest income increased $1,243,000 from the year ended December 31, 2023 to December 31, 2024. Excluding net security losses, non-interest income increased $1,125,000 year over year. Gain on sale of loans and loan broker income increased as mortgage volume increased due to the decrease in interest rates caused by the rate decreases enacted by the FOMC. Brokerage commissions increased primarily due to the performance of the stock market which led to increased portfolio values and associated fees. Debit card income increased as usage increased.

	2024		2023		Change	
(In Thousands)	**Amount**	**% Total**	**Amount**	**% Total**	**Amount**	**%**
Service charges	$ 2,067	21.49 %	$ 2,090	24.96 %	$ (23)	(1.10)%
Net debt securities losses, available for sale	(49)	(0.51)	(193)	(2.30)	144	(74.61)
Net equity securities (losses) gains	(11)	(0.11)	15	0.18	(26)	173.33
Bank owned life insurance	1,159	12.05	1,063	12.69	96	9.03
Gain on sale of loans	1,484	15.43	1,046	12.49	438	41.87
Insurance commissions	553	5.75	529	6.32	24	4.54
Brokerage commissions	684	7.11	575	6.87	109	18.96
Loan broker income	1,384	14.39	992	11.84	392	39.52
Debit card income	1,437	14.94	1,328	15.86	109	8.21
Other	910	9.46	930	11.09	(20)	(2.15)
Total non-interest income	$ 9,618	100.00 %	$ 8,375	100.00 %	$ 1,243	14.84 %

2023 vs. 2022

Total non-interest income decreased $338,000 from the year ended December 31, 2022 to December 31, 2023. Excluding net security losses, non-interest income decreased $525,000 year over year. Bank owned life insurance increased primarily due to a gain recognized on the receipt of death benefit in 2023 of $381,000. Gain on sale of loans and loan broker income decreased significantly as mortgage volume decreased due to the increase in interest rates caused by the rate increases enacted by the FOMC. Brokerage commissions decreased primarily due to the downturn and volatility the stock market which led to decreased portfolio values and associated fees. Debit card income decreased as usage declined.

	2023		2022		Change	
(In Thousands)	**Amount**	**% Total**	**Amount**	**% Total**	**Amount**	**%**
Service charges	$ 2,090	24.96 %	$ 2,103	24.14 %	$ (13)	(0.62)%
Net debt securities losses, available for sale	(193)	(2.30)	(219)	(2.51)	26	(11.87)
Net equity securities gains (losses)	15	0.18	(146)	(1.68)	161	110.27
Bank owned life insurance	1,063	12.69	664	7.62	399	60.09
Gain on sale of loans	1,046	12.49	1,131	12.98	(85)	(7.52)
Insurance commissions	529	6.32	491	5.64	38	7.74
Brokerage commissions	575	6.87	620	7.12	(45)	(7.26)
Loan broker income	992	11.84	1,674	19.21	(682)	(40.74)
Debit card income	1,328	15.86	1,464	16.80	(136)	(9.29)
Other	930	11.09	931	10.68	(1)	(0.11)
Total non-interest income	$ 8,375	100.00 %	$ 8,713	100.00 %	$ (338)	(3.88)%

NON-INTEREST EXPENSE

2024 vs. 2023

Total non-interest expenses increased $1,988,000 from the year ended December 31, 2023 to December 31, 2024. The increase in salaries and employee benefits was attributable to routine wage and benefit increases. Furniture and equipment expense increase primarily due to increased maintenance. Contributing to the increase in Pennsylvania shares tax expense was the increase in net income. Marketing expense decreased as marketing efforts continued to shift away form print and billboards to social media campaigns. Professional fees decreased primarily as legal and audit expenses related to the At-The-Market stock offering declined. Other expenses increased primarily due to the level of expenses associated with the defined benefit pension plan. The announced agreement for Northwest Bancshares, Inc. to acquire the Corporation resulted merger related expenses of $735,000 during the fourth quarter of 2024.

	2024		2023		Change	
(In Thousands)	**Amount**	**% Total**	**Amount**	**% Total**	**Amount**	**%**
Salaries and employee benefits	$ 26,256	56.48 %	$ 25,062	56.32 %	$ 1,194	4.76 %
Occupancy	3,152	6.78	3,168	7.12	(16)	(0.51)
Furniture and equipment	3,669	7.89	3,392	7.62	277	8.17
Software amortization	996	2.14	843	1.89	153	18.15
Pennsylvania shares tax	1,373	2.95	1,082	2.43	291	26.89
Professional fees	2,177	4.68	2,953	6.64	(776)	(26.28)
Federal Deposit Insurance Corporation deposit insurance	1,564	3.36	1,578	3.55	(14)	(0.89)
Marketing	283	0.62	684	1.54	(401)	(58.63)
Intangible amortization	103	0.22	117	0.26	(14)	(11.97)
Merger expense	735	1.58	—	—	735	n/a
Other	6,176	13.30	5,617	12.63	559	9.95
Total non-interest expense	$ 46,484	100.00 %	$ 44,496	100.00 %	$ 1,988	4.47 %

2023 vs. 2022

Total non-interest expenses increased $1,498,000 from the year ended December 31, 2022 to December 31, 2023. The increase in salaries and employee benefits was attributable to routine wage and benefit increases coupled with the hiring of additional commercial lenders. Occupancy and furniture and equipment expense increased primarily due to increased maintenance costs. Contributing to the decrease in Pennsylvania shares tax expense was a tax credit purchasing program that was started in 2022. Professional fees increased as internal and external audit fees increased along with an increase in general legal expenses. FDIC deposit insurance increased primarily due to an increase in the assessment rate. Other expenses increased primarily due to the level of expenses associated with the defined benefit pension plan.

(In Thousands)	2023 Amount	2023 % Total	2022 Amount	2022 % Total	Change Amount	Change %
Salaries and employee benefits	$ 25,062	56.32 %	$ 24,267	56.44 %	$ 795	3.28 %
Occupancy	3,168	7.12	3,080	7.16	88	2.86
Furniture and equipment	3,392	7.62	3,288	7.65	104	3.16
Software amortization	843	1.89	840	1.95	3	0.36
Pennsylvania shares tax	1,082	2.43	1,452	3.38	(370)	(25.48)
Professional fees	2,953	6.64	2,434	5.66	519	21.32
Federal Deposit Insurance Corporation deposit insurance	1,578	3.55	938	2.18	640	68.23
Marketing	684	1.54	690	1.60	(6)	(0.87)
Intangible amortization	117	0.26	154	0.36	(37)	(24.03)
Goodwill impairment	—	—	653	1.52	(653)	n/a
Other	5,617	12.63	5,202	12.10	415	7.98
Total non-interest expense	$ 44,496	100.00 %	$ 42,998	100.00 %	$ 1,498	3.48 %

INCOME TAXES

2024 vs. 2023

The provision for income taxes for the year ended December 31, 2024 resulted in an effective income tax rate of 18.97% compared to 18.28% for 2023.

2023 vs. 2022

The provision for income taxes for the year ended December 31, 2023 resulted in an effective income tax rate of 18.28% compared to 19.29% for 2022.

FINANCIAL CONDITION

INVESTMENTS

2024

The fair value of the investment portfolio decreased $6,414,000 from December 31, 2023 to December 31, 2024. The decrease in value is the result of a decrease in the municipal and other debt segments of the portfolio as the investment portfolio continues to be actively managed in order to reduce interest rate and market risk along with required capital allocation. This strategy is being deployed through selective purchasing of bonds that mature within ten years with an emphasis on those carrying a regulatory capital risk weighting of 0-20% which resulted in an increase in the mortgage-backed segment of the portfolio. The unrealized losses within the debt securities portfolio are the result of market activity, not credit issues/ratings, as approximately 82% of the debt securities portfolio on an amortized cost basis is currently rated A or higher by either S&P or Moody's.

2023

The fair value of the investment portfolio decreased $2,748,000 from December 31, 2022 to December 31, 2023. The decrease in value is the result of a decrease in the municipal segment of the portfolio as the investment portfolio continues to be actively managed in order to reduce interest rate and market risk along with required capital allocation. This strategy is being deployed through selective purchasing of bonds that mature within ten years with an emphasis on those carrying a regulatory capital risk weighting of 0-20%. The unrealized losses within the debt securities portfolio are the result of market activity, not credit issues/ratings, as approximately 79% of the debt securities portfolio on an amortized cost basis is currently rated A or higher by either S&P or Moody's.

The carrying amounts of investment securities are summarized as follows for the years ended December 31, 2024 and 2023:

(In Thousands)	2024 Balance	2024 % Portfolio	2023 Balance	2023 % Portfolio	Change Amount	Change %
Available for sale (AFS):						
U.S. Government agency securities	$ 1,960	1.06 %	$ 3,943	2.05 %	$ (1,983)	(50.29)%
Mortgage-backed securities	38,357	20.70	15,355	7.99	23,002	149.80 %
State and political securities	100,624	54.20	115,615	60.20	(14,991)	(12.97)%
Other debt securities	43,601	23.49	56,032	29.17	(12,431)	(22.19)%
Total debt securities	184,542	99.40	190,945	99.42	(6,403)	(3.35)%
Investment equity securities:						
Other equity securities	1,111	0.60	1,122	0.58	(11)	(0.98)%
Total equity securities	1,111	0.60	1,122	0.58	(11)	(0.98)%
Total	$ 185,653	100.00 %	$ 192,067	100.00 %	$ (6,414)	(3.34)%

The following table shows the maturities and repricing of investment securities, at amortized cost and the weighted average yields (for tax-exempt obligations on a fully taxable basis assuming a 21% tax rate) at December 31, 2024:

(In Thousands)	One Year or Less	Over One Year Through Five Years	Over Five Years Through Ten Years	Over Ten Years	Amortized Cost Total
U.S. Government agency securities:					
Amortized cost	$ —	$ 1,000	$ 1,000	$ —	$ 2,000
Yield	— %	3.23 %	5.12 %	— %	4.18 %
Mortgage-backed securities:					
Amortized cost	—	1,698	17,191	19,906	38,795
Yield	— %	5.02 %	4.92 %	5.05 %	4.99 %
State and political securities:					
Amortized cost	15,309	55,329	29,018	5,336	104,992
Yield	2.12 %	2.95 %	3.64 %	4.67 %	3.11 %
Other debt securities:					
Amortized cost	3,752	11,534	29,250	—	44,536
Yield	1.33 %	5.44 %	5.19 %	— %	4.93 %
Total Amount	$ 19,061	$ 69,561	$ 76,459	$ 25,242	190,323
Total Yield	1.96 %	3.42 %	4.54 %	4.97 %	3.93 %
Equity Securities					
Investment equity amortized cost					1,300
Total Investment Portfolio Amortized Cost					$ 191,623
Total Investment Portfolio Yield					3.90 %

All yields represent weighted average yields expressed on a tax equivalent basis. They are calculated on the basis of the cost, adjusted for amortization of premium and accretion of discount, and effective yields weighted for the scheduled maturity of each security. The taxable equivalent adjustment represents the difference between annual income from tax-exempt obligations and the taxable equivalent of such income at the standard 21% tax rate (derived by dividing tax-exempt interest by 79%).

The distribution of credit ratings by amortized cost and estimated fair value for the debt security portfolio at December 31, 2024 follows:

	A- to AAA		B- to BBB+		C to CCC+		Not Rated		Total	
(In Thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Available for sale										
U.S. Government and agency securities	$ 2,000	$ 1,960	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,000	$ 1,960
Mortgage-backed securities	38,795	38,357	—	—	—	—	—	—	38,795	38,357
State and political securities	103,703	99,341	—	—	—	—	1,289	1,283	104,992	100,624
Other debt securities	10,882	10,234	7,134	7,205	—	—	26,520	26,162	44,536	43,601
Total debt securities	$ 155,380	$ 149,892	$ 7,134	$ 7,205	$ —	$ —	$ 27,809	$ 27,445	$ 190,323	$ 184,542

LOAN PORTFOLIO

2024

Gross loans of $1,877,078,000 at December 31, 2024 represented an increase of $37,314,000 from December 31, 2023. The residential segment increased primarily due to continued growth in home equity products. In addition the commercial real estate segment of the loan portfolio increased from the previous year as emphasis remains on this segment of the portfolio.

2023

Gross loans of $1,839,764,000 at December 31, 2023 represented an increase of $200,033,000 from December 31, 2022. The residential segment increased primarily due to continued growth in home equity products. In addition the commercial real estate segment of the loan portfolio increased from the previous year as emphasis remains on this segment of the portfolio. Indirect auto lending increased as this segment of the portfolio is emphasized as its characteristics provide diversification.

The amounts of loans outstanding at the indicated dates are shown in the following table according to type of loan at December 31, 2024 and 2023:

	2024		2023		Change	
(In Thousands)	**Amount**	**% Total**	**Amount**	**% Total**	**Amount**	**%**
Commercial, financial, and agricultural	$ 212,119	11.30 %	$ 213,466	11.60 %	(1,347)	(0.63)%
Real estate mortgage:						
Residential	830,407	44.24	798,501	43.40	31,906	4.00 %
Commercial	536,019	28.56	531,601	28.90	4,418	0.83 %
Construction	43,131	2.30	40,389	2.20	2,742	6.79 %
Consumer Automobile	244,594	13.03	244,398	13.28	196	0.08 %
Other consumer installment loans	9,845	0.52	10,361	0.56	(516)	(4.98)%
Net deferred loan fees and discounts	963	0.05	1,048	0.06	(85)	(8.11)%
Gross loans	$ 1,877,078	100.00 %	$ 1,839,764	100.00 %	37,314	2.03 %

The amounts of domestic loans at December 31, 2024 are presented below by category and maturity:

		Real Estate					
(In Thousands)	Commercial, financial, and agricultural	Residential	Commercial	Construction	Consumer automobile	Other consumer installment	Total
Loans with variable interest rates:							
1 year or less	$ 789	$ 311	$ 309	$ 597	$ —	$ 515	$ 2,521
1 through 5 years	7,284	3,075	6,474	22	—	—	16,855
5 through 15 years	49,796	74,533	157,559	2,977	—	140	285,005
After 15 years	61,111	646,593	323,936	27,324	—	2,324	1,061,288
Total floating interest rate loans	118,980	724,512	488,278	30,920	—	2,979	1,365,669
Loans with fixed interest rates:							
1 year or less	2,252	581	786	1,343	1,677	659	7,298
1 through 5 years	57,399	5,606	6,536	3,693	123,520	4,223	200,977
5 through 15 years	26,820	25,147	34,210	4,854	119,397	1,984	212,412
After 15 years	6,668	74,561	6,209	2,321	—	—	89,759
Total fixed interest rate loans	93,139	105,895	47,741	12,211	244,594	6,866	510,446
Total	$ 212,119	$ 830,407	$ 536,019	$ 43,131	$ 244,594	$ 9,845	1,876,115
Net deferred loan fees and discounts							963
Total, net							$ 1,877,078

- The loan maturity information is based upon original loan terms and is not adjusted for "rollovers." In the ordinary course of business, loans maturing within one year may be renewed, in whole or in part, at interest rates prevailing at the date of renewal.
- Scheduled repayments are reported in maturity categories in which the payment is due.

The Banks do not make loans that provide for negative amortization, nor do any loans contain conversion features. The Banks did not have any foreign loans outstanding at December 31, 2024.

ALLOWANCE FOR CREDIT LOSSES

2024

The allowance for credit losses represents the amount which management estimates is adequate to provide for future expected losses inherent in its loan portfolio as of the consolidated balance sheet date. All loan losses are charged to the allowance and all recoveries are credited to it per the allowance method of providing for credit losses. The allowance for credit losses is established through a provision for credit losses charged to operations. The provision for credit losses is based upon management's quarterly review of the loan portfolio. The purpose of the review is to assess loan quality, individually evaluated loans, analyze delinquencies, ascertain loan growth, evaluate potential charge-offs and recoveries, and assess general economic conditions in the markets served. An external independent loan review is also performed semi-annually for the Banks. Management remains committed to an aggressive program of problem loan identification and resolution.

Maintaining an appropriate allowance for credit losses is dependent on various factors, including the ability to identify potential problem loans in a timely manner. For commercial construction, residential construction, commercial and industrial, and commercial real estate, an internal credit rating process is used. Management believes that internal credit ratings are the most relevant credit quality indicator for these types of loans. The migration of loans through the various internal credit rating categories is a significant component of the allowance for credit losses methodology for these loans, which bases the probability of default on this migration. Assigning credit ratings involves judgment. The Company's loan review process provide a separate assessment of credit rating accuracy. Credit ratings may be changed based on the ongoing monitoring procedures performed by loan officers or credit administration staff or if specific loan review assessments identify a deterioration or an improvement in the loans.

Management considers the performance of the loan portfolio and its impact on the allowance for credit losses. Management does not assign internal credit ratings to smaller balance, homogeneous loans, such as home equity, residential mortgage, and consumer automobile loans. For these loans, the most relevant credit quality indicator is delinquency status and management evaluates credit quality based on the aging status of the loan.

Historical loss trends are used in the estimation of losses in the current portfolio. These historical loss amounts are modified by other qualitative factors. A base life time loss within the portfolio is calculated utilizing discounted cash flows driven by the charge-off and recovery data over the past ten years and certain credit quality indicators within the portfolio including borrower credit scores and loan-to-value ratios. Management has identified a number of additional qualitative factors which it uses to supplement the base loss lifetime rate because these factors are likely to cause estimated credit losses associated with the existing loan pools to differ from historical loss experience. The additional factors that are evaluated quarterly and updated using information obtained from internal, regulatory, and governmental sources are: national and local economic trends and conditions; trends in volumes and terms of loans; effects of changes in lending policies; experience, ability, and depth of lending staff; value of underlying collateral; and concentrations of credit from a loan type, industry and/or geographic standpoint.

The allowance for credit losses increased from $11,446,000 at December 31, 2023 to $11,848,000 at December 31, 2024. At December 31, 2024 and 2023, the allowance for credit losses to total loans was 0.63% and 0.62%, respectively. The fluctuations in credit losses was primarily affected by a net charge offs of $540,000 or 0.03% of average loans for year ended December 31, 2024.

2023

The allowance for credit losses decreased from $15,637,000 at December 31, 2022 to $11,446,000 at December 31, 2023. At December 31, 2023 and 2022, the allowance for credit losses to total loans was 0.62% and 0.95%, respectively. The drivers of the decrease were the change in the ACL model upon the adoption of CECL on January 1, 2023 coupled with net loan recoveries of $525,000 or 0.03% of average loans for the year ended December 31, 2023.Management concluded that the allowance for loan losses is adequate to provide for probable losses inherent in its loan portfolio as of the balance sheet date as noted in the provision for loan losses discussion.

Allocation of the Allowance For Credit Losses

	December 31, 2024		December 31, 2023	
(In Thousands)	Amount	Percentage of Loans in Each Category to Total Loans	Amount	Percentage of Loans in Each Category to Total Loans
Balance at end of period applicable to:				
Commercial, financial, and agricultural	$ 2,323	11.61 %	$ 3,379	11.61 %
Real estate mortgage:				
Residential	726	43.43	1,200	43.43
Commercial	5,299	28.91	3,352	28.91
Construction	7	2.20	145	2.20
Consumer automobiles	2,909	13.29	2,668	13.29
Other consumer installment loans	584	0.56	702	0.56
	$ 11,848	100.00 %	$ 11,446	100.00 %

Additional allowance for credit losses and net (charge-offs) recoveries information is presented by loan portfolio segment in the tables below. The twelve months ending December 31, 2023 was impacted by the CECL adoption reclassification entry disclosed in Note 6. Loan Credit Quality and Related Allowance for Credit Losses.

(In Thousands)	Amount of Allowance for Credit Losses Allocated	Total loans	Allowance for Credit Losses to Total Loans Ratio	Net (Charge-Offs) Recoveries	Average Loans	Ratio of Net (Charge-Offs) Recoveries to Average Loans
December 31, 2024						
Commercial, financial, and agricultural	$ 2,323	$ 212,119	1.10 %	$ 582	$ 215,958	0.27 %
Real estate mortgage:						
Residential	726	830,407	0.09 %	(8)	816,306	— %
Commercial	5,299	536,019	0.99 %	(1)	537,220	— %
Construction	7	43,131	0.02 %	—	41,110	— %
Consumer automobiles	2,909	244,594	1.19 %	(903)	244,996	(0.37)%
Other consumer installment loans	584	9,845	5.93 %	(210)	9,954	(2.11)%
	$ 11,848	$ 1,876,115	0.63 %	$ (540)	$ 1,865,544	(0.03)%
Total non-accrual loans outstanding	$ 4,388					
Non-accrual loans to total loans outstanding	0.23 %					
Allowance for loan losses to non-accrual loans	270.01 %					

(In Thousands)	Amount of Allowance Allocated	Total loans	Allowance for Credit Losses to Total Loans Ratio	Net (Charge-Offs) Recoveries	Average Loans	Ratio of Net (Charge-Offs) Recoveries to Average Loans
December 31, 2023						
Commercial, financial, and agricultural	$ 3,379	$ 213,466	1.58 %	$ 1,497	$ 204,817	0.73 %
Real estate mortgage:						
Residential	1,200	798,501	0.15 %	(53)	751,379	(0.01)%
Commercial	3,352	531,601	0.63 %	(36)	516,248	(0.01)%
Construction	145	40,389	0.36 %	—	48,786	— %
Consumer automobiles	2,668	244,398	1.09 %	(587)	227,017	(0.26)%
Other consumer installment loans	702	10,361	6.78 %	(296)	10,358	(2.86)%
	$ 11,446	$ 1,838,716	0.62 %	$ 525	$ 1,758,605	0.03 %
Total non-accrual loans outstanding	$ 998					
Non-accrual loans to total loans outstanding	0.05 %					
Allowance for loan losses to non-accrual loans	1146.89 %					

(In Thousands)	Amount of Allowance Allocated	Total loans	Allowance for Credit Losses to Total Loans Ratio	Net (Charge-Offs) Recoveries	Average Loans	Ratio of Net (Charge-Offs) Recoveries to Average Loans
December 31, 2022						
Commercial, financial, and agricultural	$ 1,914	$ 190,461	1.00 %	$ 165	$ 173,433	0.10 %
Real estate mortgage:						
Residential	5,061	708,209	0.71 %	26	649,989	— %
Commercial	6,110	500,632	1.22 %	(150)	466,526	(0.03)%
Construction	188	43,308	0.43 %	29	44,968	0.06 %
Consumer automobiles	1,617	186,112	0.87 %	(328)	150,261	(0.22)%
Other consumer installment loans	109	10,361	1.05 %	(191)	9,737	(1.96)%
Unallocated	638					
	$ 15,637	$ 1,639,083	0.95 %	$ (449)	$ 1,494,914	(0.03)%
Total non-accrual loans outstanding						
Non-accrual loans to total loans outstanding	$ 3,615					
Allowance for loan losses to non-accrual loans	0.22 %					
	432.56 %					

The negative provision for commercial and agricultural loans was primarily the result of the level of net recoveries. The provision for residential real estate loans decreased as the portfolio metrics continue to improve. The provision for commercial real estate loans increased primarily due to the credit downgrading of several loan relationships. The provision for consumer automobiles decreased slightly as the provision approximated the level of net charge-offs while the portfolio balance remained stable.

The provision for all segments of the loan portfolio were impacted by the adoption of CECL on January 1, 2023. The provision for commercial and agricultural loans decreased during 2023 due to an increase in the level of net recoveries. The provision for residential real estate loans decreased primarily due to the adoption of CECL. The provision for commercial real estate loans decreased primarily due to the adoption of CECL and a minimal amount of net charge-offs. The provision for consumer automobiles increased due to increased indirect loan volume and an increase in net charge-offs.

The provision for commercial and agricultural loans decreased during 2022 due to levels and trends of non-accrual loans in our portfolio and a decline in net charge-offs. The provision for residential real estate loans remained flat as the portfolio size increased but was offset by a decline in the level of net charge-offs. The provision for this loan type is adjusted by national indices as well as our historical losses. The provision for commercial real estate loans decreased primarily due to an improvement in portfolio credit metrics. The provision for consumer automobiles increased due to increased indirect loan volume and concerns regarding the impact of inflation on the customer base.

NON-PERFORMING LOANS

The increase in non-performing loans during 2024 is primarily due to the addition of a commercial relationship being placed on non-accrual status which has been individually evaluated within the allowance for credit losses. The majority of the non-performing loans are centered on several loans that are either in a secured position and have sureties with a strong underlying financial position and/or a specific allowance within the allowance for credit losses.

The following table presents information concerning non-performing loans. The accrual of interest will be discontinued when the principal or interest of a loan is in default for 90 days or more, or as soon as payment is questionable, unless the loan is well secured and in the process of collection. Consumer loans and residential real estate loans secured by 1 to 4 family dwellings are not ordinarily subject to those guidelines. The reversal of previously accrued but uncollected interest applicable to any loan placed in a non-accrual status and the treatment of subsequent payments of either principal or interest is handled in accordance with GAAP. These principles do not require a write-off of previously accrued interest if principal and interest are ultimately protected by sound collateral values. A non-performing loan may be restored to accruing status when:

1. Principal and interest is no longer due and unpaid;
2. It becomes well secured and in the process of collection; and
3. Prospects for future contractual payments are no longer in doubt.

	Total Nonperforming Loans		
(In Thousands)	**90 Days Past Due**	**Nonaccrual**	**Total**
2024	$ 4,516	$ 4,388	$ 8,904
2023	$ 2,150	$ 998	3,148

The level of non-accruing loans continues to fluctuate annually and is attributed to the various economic factors experienced both regionally and nationally. Overall, the portfolio is well secured with a majority of the balance making regular payments or scheduled to be satisfied in the near future. Presently, there are no significant loans where serious doubts exist as to the ability of the borrower to comply with the current loan payment terms which are not included in the nonperforming categories as indicated above.

Management's judgment in determining the amount of the additions to the allowance charged to operating expense includes but is not limited to the following factors with no single factor being determinative:
1. Economic conditions and the impact on the loan portfolio;
2. Analysis of past loan charge-offs experienced by category and comparison to outstanding loans;
3. Effect of problem loans on overall portfolio quality; and
4. Reports of examination of the loan portfolio by the Department and the FDIC.

DEPOSITS

2024 vs. 2023

Total average deposits increased $89,919,000 or 5.72% from 2023 to 2024. Noninterest-bearing deposits average balance decreased $22,950,000 as deposits shifted from non-interest bearing and lower rate deposit products into time deposits. This shift in deposits, along with utilization of brokered deposits, resulted in time deposits increasing $167,617,000. The Bank had no major deposit customers at December 31, 2024 and 2023, respectively.

2023 vs. 2022

Total average deposits decreased $33,661,000 or 2.10% from 2022 to 2023. Noninterest-bearing deposits average balance decreased $41,361,000 as deposits shifted from non-interest bearing and lower rate deposit products into time deposits. This shift in deposits, along with utilization of brokered deposits, resulted in time deposits increasing $131,270,000. The Bank had major deposit customers with a combined outstanding balances of approximately $0 and $112,228,000 at December 31, 2023 and 2022, respectively.

	2024		2023		2022	
(In Thousands)	**Average Amount**	**Rate**	**Average Amount**	**Rate**	**Average Amount**	**Rate**
Noninterest-bearing	$ 454,878	0.00 %	$ 477,828	0.00 %	$ 519,189	0.00 %
Savings	215,107	0.50	231,000	0.30	247,003	0.06
Super Now	218,932	2.00	276,868	1.50	387,370	0.35
Money Market	311,836	3.33	292,755	2.40	289,820	0.38
Time	460,869	4.37	293,252	3.50	161,982	0.68
Total average deposits	$ 1,661,622	2.17 %	$ 1,571,703	1.41 %	$ 1,605,364	0.23 %

The following table shows the scheduled maturities of time deposits that are in excess of the FDIC insurance limit as of December 31, 2024.

(In Thousands)	2024
Due within 3 months or less	$ 9,842
Due after 3 months and within 6 months	7,626
Due after 6 months and within 12 months	14,578
Due after 12 months	1,630
Total	$ 33,676

As of December 31, 2024 and 2023 the Company had $429,964,000 and $436,074,000, respectively, in uninsured deposits. Included in the total uninsured deposits is a concentration of public funds which were collateralized by the Banks in the amount of $77,429,000 and $77,687,000 at December 31, 2024 and 2023, respectively. Total uninsured deposits less collateralized public funds was $352,535,000 and $358,387,000 at December 31, 2024 and 2023.

SHAREHOLDERS' EQUITY

2024

Shareholders' equity increased $13,675,000 to $205,231,000 at December 31, 2024 compared to December 31, 2023. During the twelve months ended December 31, 2024 the Company issued a total of 31,066 shares for net proceeds of $632,000 as part of the Dividend Reinvestment Plan. Accumulated other comprehensive loss of $5,293,000 at December 31, 2024 decreased from a loss of $9,150,000 at December 31, 2023 as a result of a decrease in net unrealized loss on available for sale securities to $4,567,000 at December 31, 2024 from a net unrealized loss of $6,396,000 at December 31, 2023 coupled with a decrease in loss of $2,028,000 in the defined benefit plan obligation. The current level of shareholders' equity equates to a book value per share of $27.16 at December 31, 2024 compared to $25.51 at December 31, 2023, and an equity to asset ratio of 9.19% at December 31, 2024 and 8.69% at December 31, 2023. Dividends declared for the twelve months ended December 31, 2024 and 2023 were $1.28 per share.

2023

Shareholders' equity increased $23,891,000 to $191,556,000 at December 31, 2023 compared to December 31, 2022. During the twelve months ended December 31, 2023 the Company sold 420,069 shares of common stock, for net proceeds of $8,291,000, in a registered at-the-market offering. An additional 17,929 shares for net proceeds of $406,000 were issued as part of the Dividend Reinvestment Plan during the twelve months ended December 31, 2023. Accumulated other comprehensive loss of $9,150,000 at December 31, 2023 decreased from a loss of $13,958,000 at December 31, 2022 as a result of a decrease in net unrealized loss on available for sale securities to $6,396,000 at December 31, 2023 from a net unrealized loss of $9,819,000 at December 31, 2022 coupled with a decrease in loss of $1,385,000 in the defined benefit plan obligation. The current level of shareholders' equity equates to a book value per share of $25.51 at December 31, 2023 compared to $23.76 at December 31, 2022, and an equity to asset ratio of 8.69% at December 31, 2023 and 8.38% at December 31, 2022. Dividends declared for the twelve months ended December 31, 2023 and 2022 were $1.28 per share.

Bank regulators have risk based capital guidelines. Under these guidelines the Corporation and each Bank are required to maintain minimum ratios of core capital and total qualifying capital as a percentage of risk weighted assets and certain off-balance sheet items. At December 31, 2024, both the Corporation's and each Bank's required ratios were well above the minimum ratios (and including the current capital conservation buffer where applicable) as follows:

	Corporation	Jersey Shore State Bank	Luzerne Bank	Minimum Standards
Common equity tier 1 capital to risk-weighted assets	10.429 %	10.100 %	10.735 %	7.000 %
Tier 1 capital to risk-weighted assets	10.429 %	10.100 %	10.735 %	8.500 %
Total capital to risk-weighted assets	11.094 %	10.853 %	11.155 %	10.500 %
Tier 1 capital to average assets	8.790 %	8.571 %	8.020 %	4.000 %

For a more comprehensive discussion of these requirements, see "Regulation and Supervision" in Item 1 of the Annual Report on Form 10-K and Note 18 to the consolidated financial statements. Management believes that the Corporation and the Banks will continue to exceed regulatory capital requirements.

RETURN ON EQUITY AND ASSETS

The ratio of net income to average total assets and average shareholders' equity, and other certain equity ratios are presented as follows:

	2024	2023	2022
Percentage of net income to:			
Average total assets	0.80 %	0.79 %	0.90 %
Average shareholders' equity	9.14 %	9.84 %	10.73 %
Percentage of dividends declared to net income	54.38 %	55.18 %	51.87 %
Percentage of average shareholders' equity to average total assets	8.72 %	7.98 %	8.41 %

LIQUIDITY, INTEREST RATE SENSITIVITY, AND MARKET RISK

The Asset/Liability Committee addresses the liquidity needs of the Corporation to ensure that sufficient funds are available to meet credit demands and deposit withdrawals as well as to the placement of available funds in the investment portfolio. In assessing liquidity requirements, equal consideration is given to the current position as well as the future outlook.

The following liquidity measures are monitored for compliance and were within the limits cited at December 31, 2024, except for net loans to total deposits which was 109%.

1. Net Loans to Total Assets, 85% maximum
2. Net Loans to Total Deposits, 100% maximum
3. Cumulative 90 day Maturity GAP %, +/- 20% maximum
4. Cumulative 1 Year Maturity GAP %, +/- 25% maximum

Fundamental objectives of the Corporation's asset/liability management process are to maintain adequate liquidity while minimizing interest rate risk. The maintenance of adequate liquidity provides the Corporation with the ability to meet its financial obligations to depositors, loan customers, and shareholders. Additionally, it provides funds for normal operating expenditures and business opportunities as they arise. The objective of interest rate sensitivity management is to increase net interest income by managing interest sensitive assets and liabilities in such a way that they can be repriced in response to changes in market interest rates.

The Corporation, like other financial institutions, must have sufficient funds available to meet its liquidity needs for deposit withdrawals, loan commitments, and expenses. In order to control cash flow, the Corporation estimates future flows of cash from deposits and loan payments. The primary sources of funds are deposits, principal and interest payments on loans and mortgage-backed securities, as well as FHLB borrowings. Funds generated are used principally to fund loans and purchase investment securities. Management believes the Corporation has adequate resources to meet its normal funding requirements.

Management monitors the Corporation's liquidity on both a short and long-term basis, thereby providing management necessary information to react to current balance sheet trends. Cash flow needs are assessed and sources of funds are determined. Funding strategies consider both customer needs and economical cost. Both short and long term funding needs are addressed by cash on hand, maturities and sales of available for sale investment securities, loan repayments and maturities, loan sales, and liquidating money market investments such as federal funds sold. The use of these resources, in conjunction with access to credit, provides core ingredients to satisfy depositor, borrower, and creditor needs.

Management monitors and determines the desirable level of liquidity. Consideration is given to loan demand, investment opportunities, deposit pricing and growth potential, as well as the current cost of borrowing funds. The Corporation has a current borrowing capacity at the FHLB of $856,562,000 with a total credit exposure of $297,382,000 utilized, leaving $559,180,000 available. In addition to this credit arrangement, the Corporation has additional lines of credit with correspondent banks of $90,000,000. The Corporation's management believes that it has sufficient liquidity to satisfy estimated short-term and long-term funding needs through the utilization of cash on hand, borrowing lines, sale of investments and loans, and property sale leasebacks, Interest rate sensitivity, which is closely related to liquidity management, is a function of the repricing characteristics of the Corporation's portfolio of assets and liabilities. Asset/liability management strives to match maturities and rates between loan and investment security assets with the deposit liabilities and borrowings that fund them. Successful asset/liability management results in a balance sheet structure which can cope effectively with market rate fluctuations. The matching process is affected by segmenting both assets and liabilities into future time periods (usually 12 months or less) based upon when repricing can be effected. Repriceable assets are subtracted from repriceable liabilities for a specific time period to determine the "gap" or difference. Once known, the gap is managed based on predictions about future market interest rates. Intentional mismatching, or gapping, can enhance net interest income if market rates move as predicted. However, if market rates behave in a manner contrary to predictions, net interest income will suffer. Gaps, therefore, contain an element of risk and must be prudently managed. In addition to gap management, the Corporation has an asset liability management policy which incorporates a market value at risk calculation which is used to determine the effects of interest rate movements on shareholders' equity and a simulation analysis to monitor the effects of interest rate changes on the Corporation's balance sheet.

The Corporation currently maintains a gap position of being asset sensitive due to the relative short duration of the loan and investment portfolios. A slight lengthening of the investment portfolio is being undertaken due to the higher yields on current investment products. The liability portfolio is being shortened with emphasis being placed on short term funding in addition to the focus on time deposits shifting towards five to ten month products.

A market value at risk calculation is utilized to monitor the effects of interest rate changes on the Corporation's balance sheet and more specifically shareholders' equity. The Corporation does not manage the balance sheet structure in order to maintain compliance with this calculation. The calculation serves as a guideline with greater emphasis placed on interest rate sensitivity. Changes to calculation results from period to period are reviewed as changes in results could be a signal of future events.

INTEREST RATE SENSITIVITY

In this analysis the Corporation examines the result of various changes in market interest rates in 100 basis point increments and their effect on net interest income. It is assumed that the change is instantaneous and that all rates move in a parallel manner. Assumptions are also made concerning prepayment speeds on mortgage loans and mortgage securities.

The following is a rate shock forecast for the twelve month period ending December 31, 2025 assuming a static balance sheet as of December 31, 2024.

	Parallel Rate Shock in Basis Points							
(In Thousands)	**(300)**	**(200)**	**(100)**	**Static**	**100**	**200**	**300**	**400**
Net interest income	$ 68,307	$ 69,646	$ 71,000	$ 72,050	$ 72,780	$ 73,447	$ 73,534	$ 73,206
Change from static	(3,743)	(2,404)	(1,050)	—	730	1,397	1,484	1,156
Percent change from static	-5.20 %	-3.34 %	-1.46 %	—	1.01 %	1.94 %	2.06 %	1.60 %

The model utilized to create the report presented above makes various estimates at each level of interest rate change regarding cash flow from principal repayment on loans and mortgage-backed securities and/or call activity on investment securities. Actual results could differ significantly from these estimates which would result in significant differences in the calculated projected change. In addition, the limits stated above do not necessarily represent the level of change under which management would undertake specific measures to realign its portfolio in order to reduce the projected level of change. Generally, management believes the Corporation is well positioned to respond expeditiously when the market interest rate outlook changes.

INFLATION

The asset and liability structure of a financial institution is primarily monetary in nature; therefore, interest rates rather than inflation have a more significant impact on the Corporation's performance. Interest rates are not always affected in the same direction or magnitude as prices of other goods and services, but are reflective of fiscal policy initiatives or economic factors that are not measured by a price index.

CRITICAL ACCOUNTING POLICIES

The Corporation's accounting policies are integral to understanding the results reported. The accounting policies are described in detail in Note 1 of the "Notes to Consolidated Financial Statements" included in Item 8 of this Annual Report on Form 10-K.

Our most complex accounting policies require management's judgment to ascertain the valuation of assets, liabilities, commitments, and contingencies. We have established detailed policies and control procedures that are intended to ensure valuation methods are well controlled and applied consistently from period to period. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. The following is a brief description of our current accounting policies involving significant management valuation judgments.

Allowance for Credit Losses

Arriving at an appropriate level of allowance for credit losses involves a high degree of judgment. Areas that require Managements judgment in calculating the ACL include cash flow assumptions such as prepayment speeds, probability of default, forecast of economic events, and other adjustments for qualitative factors. The Corporation's allowance for credit losses provides for probable losses based upon evaluations of known and inherent risks in the loan portfolio.

Management uses historical information to assess the adequacy of the allowance for credit losses as well as the prevailing business environment; as it is affected by changing economic conditions and various external factors, which may impact the portfolio in ways currently unforeseen. The allowance is increased by provisions for credit losses and by recoveries of loans previously charged-off and reduced by loans charged-off. For a full discussion of the Corporation's methodology of assessing the adequacy of the reserve for allowance for loan losses, refer to Note 1 of the "Notes to Consolidated Financial Statements" included in Item 8 of this Annual Report on Form 10-K.

Goodwill and Other Intangible Assets

As discussed in Note 8 of the "Notes to Consolidated Financial Statements," the Corporation must assess goodwill and other intangible assets each year for impairment. This assessment involves estimating cash flows for future periods. If the future cash flows were less than the recorded goodwill and other intangible assets balances, we would be required to take a charge against earnings to write down the assets to the lower value.

CONTRACTUAL OBLIGATIONS

The Corporation has various financial obligations, including contractual obligations which may require future cash payments. The following table presents, as of December 31, 2024, significant fixed and determinable contractual obligations to third parties by payment date. Further discussion of the nature of each obligation is included in the "Notes to Consolidated Financial Statements" included in Item 8 of this Annual Report on Form 10-K.

	Payments Due In				
(In Thousands)	**One Year or Less**	**One to Three Years**	**Three to Five Years**	**Over Five Years**	**Total**
Deposits without a stated maturity	$ 1,186,940	$ —	$ —	$ —	$ 1,186,940
Time deposits	488,055	27,340	3,309	437	519,141
Repurchase agreements	1,934	—	—	—	1,934
Short-term borrowings	40,266	—	—	—	40,266
Long-term borrowings	111,044	82,863	55,317	5,364	254,588
Operating leases	310	627	528	2,558	4,023

The Corporation's operating lease obligations represent short and long-term lease and rental payments for branch facilities and equipment. The Bank leases certain facilities under operating leases which expire on various dates through 2049. Renewal options are available on the majority of these leases.

CAUTIONARY STATEMENT FOR PURPOSES OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Report contains certain "forward-looking statements" including statements concerning plans, objectives, future events or performance and assumptions and other statements which are other than statements of historical fact. The Corporation cautions readers that the following important factors, among others in addition to the factors discussed in Item 1 - "Business" and in Item 1A - "Risk Factors", may have affected and could in the future affect the Corporation's actual results and could cause the Corporation's actual results for subsequent periods to differ materially from those expressed in any forward-looking statement made by or on behalf of the Corporation herein: (i) the effect of changes in laws and regulations, including federal and state banking laws and regulations, with which the Corporation must comply, and the associated costs of compliance with such laws and regulations either currently or in the future as applicable; (ii) the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies as well as by the Financial Accounting Standards Board; (iii) the effect on the Corporation's competitive position within its market area of the increasing consolidation within the banking and financial services industries, including the increased competition from larger regional and out-of-state banking organizations as well as non-bank providers of various financial services; (iv) the effect of changes in interest rates; (v) the effect of changes in the business cycle and downturns in the local, regional or national economies; (vi) the effects of health emergencies, including the spread of infectious diseases or pandemics, and other external events, such as armed conflicts in other parts of the world, that could affect regional or global economies; and (vii) any potential adverse events or developments resulting from the merger agreement, dated December 16, 2024, between Penns Woods Bancorp, Inc. and Northwest Bancshares, Inc., including, without limitation, any event, change, or other circumstances that could give rise to the right of one or both of the parties to terminate the merger agreement or the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected timeframes or to successfully integrate the business and operations of Jersey Shore State Bank and Luzerne Bank with those of Northwest Savings Bank after closing.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk for the Corporation is comprised primarily from interest rate risk exposure and liquidity risk. Interest rate risk and liquidity risk management is performed at the Banks' level as well as the Corporation level. The Corporation's interest rate sensitivity is monitored by management through selected interest rate risk measures produced internally. Additional information and details are provided in the Interest Sensitivity section of Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Generally, management believes the Corporation is well positioned to respond expeditiously when the market interest rate outlook changes.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PENNS WOODS BANCORP, INC.
CONSOLIDATED BALANCE SHEET

(In Thousands, Except Share and Per Share Data)	December 31, 2024	December 31, 2023
ASSETS:		
Noninterest-bearing cash	$ 19,989	$ 28,969
Interest-bearing deposits in other financial institutions	8,983	8,493
Total cash and cash equivalents	28,972	37,462
Investment debt securities, available for sale, net of ACL of $0, at fair value	184,542	190,945
Investment equity securities, at fair value	1,111	1,122
Restricted investment in bank stock	20,032	24,323
Loans held for sale	3,266	3,993
Loans	1,877,078	1,839,764
Allowance for credit losses	(11,848)	(11,446)
Loans, net	1,865,230	1,828,318
Premises and equipment, net	27,789	30,250
Accrued interest receivable	11,114	11,044
Bank-owned life insurance	45,681	33,867
Investment in limited partnerships	6,691	7,815
Goodwill	16,450	16,450
Intangibles	107	210
Operating lease right of use asset	2,811	2,512
Deferred tax assets	3,493	4,655
Other assets	15,049	11,843
TOTAL ASSETS	$ 2,232,338	$ 2,204,809
LIABILITIES:		
Interest-bearing deposits	$ 1,249,145	$ 1,118,320
Noninterest-bearing deposits	456,936	471,173
Total deposits	1,706,081	1,589,493
Short-term borrowings	42,200	145,926
Long-term borrowings	254,588	252,598
Accrued interest payable	4,664	3,814
Operating lease liability	2,889	2,570
Other liabilities	16,685	18,852
TOTAL LIABILITIES	2,027,107	2,013,253
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value, 3,000,000 shares authorized; no shares issued	—	—
Common stock, par value $5.55, 22,500,000 shares authorized; 8,066,968 and 8,019,219 shares issued; 7,556,743 and 7,508,994 shares outstanding	44,815	44,550
Additional paid-in capital	63,193	61,733
Retained earnings	115,331	107,238
Accumulated other comprehensive loss:		
Net unrealized loss on available for sale securities	(4,567)	(6,396)
Defined benefit plan	(726)	(2,754)
Treasury stock at cost, 510,225 shares	(12,815)	(12,815)
TOTAL SHAREHOLDERS' EQUITY	205,231	191,556
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,232,338	$ 2,204,809

See accompanying notes to the consolidated financial statements.

PENNS WOODS BANCORP, INC.
CONSOLIDATED STATEMENT OF INCOME

(In Thousands, Except Share and Per Share Data)	Year Ended December 31, 2024	2023	2022
INTEREST AND DIVIDEND INCOME:			
Loans, including fees	$ 99,780	$ 83,291	$ 58,682
Investment securities:			
Taxable	7,039	5,346	3,634
Tax-exempt	292	517	823
Dividend and other interest income	2,587	2,441	1,789
TOTAL INTEREST AND DIVIDEND INCOME	109,698	91,595	64,928
INTEREST EXPENSE:			
Deposits	35,962	22,131	3,690
Short-term borrowings	4,503	8,401	1,007
Long-term borrowings	10,353	6,099	2,451
TOTAL INTEREST EXPENSE	50,818	36,631	7,148
NET INTEREST INCOME	58,880	54,964	57,780
Provision (recovery) for loan credit losses	942	(927)	1,910
Recovery for off balance sheet credit exposures	(821)	(552)	—
TOTAL PROVISION (RECOVERY) FOR CREDIT LOSSES	121	(1,479)	1,910
NET INTEREST INCOME AFTER PROVISION (RECOVERY) FOR CREDIT LOSSES	58,759	56,443	55,870
NON-INTEREST INCOME:			
Service charges	2,067	2,090	2,103
Net debt securities losses, available for sale	(49)	(193)	(219)
Net equity securities (losses) gains	(11)	15	(146)
Bank-owned life insurance	1,159	1,063	664
Gain on sale of loans	1,484	1,046	1,131
Insurance commissions	553	529	491
Brokerage commissions	684	575	620
Loan broker income	1,384	992	1,674
Debit card income	1,437	1,328	1,464
Other	910	930	931
TOTAL NON-INTEREST INCOME	9,618	8,375	8,713
NON-INTEREST EXPENSE:			
Salaries and employee benefits	26,256	25,062	24,267
Occupancy	3,152	3,168	3,080
Furniture and equipment	3,669	3,392	3,288
Software amortization	996	843	840
Pennsylvania shares tax	1,373	1,082	1,452
Professional fees	2,177	2,953	2,434
Federal Deposit Insurance Corporation deposit insurance	1,564	1,578	938
Marketing	283	684	690
Intangible amortization	103	117	154
Goodwill impairment	—	—	653
Merger expense	735	—	—
Other	6,176	5,617	5,202
TOTAL NON-INTEREST EXPENSE	46,484	44,496	42,998
INCOME BEFORE INCOME TAX PROVISION	21,893	20,322	21,585
INCOME TAX PROVISION	4,154	3,714	4,163
CONSOLIDATED NET INCOME	$ 17,739	$ 16,608	$ 17,422
EARNINGS PER SHARE - BASIC	$ 2.35	$ 2.34	$ 2.47
EARNINGS PER SHARE - DILUTED	$ 2.35	$ 2.34	$ 2.47
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	7,535,397	7,112,450	7,059,437
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	7,543,111	7,112,450	7,059,437

See accompanying notes to the consolidated financial statements.

PENNS WOODS BANCORP, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year Ended December 31,		
(In Thousands)	**2024**	**2023**	**2022**
Net Income	$ 17,739	$ 16,608	$ 17,422
Other comprehensive income (loss):			
Unrealized gain (loss) on available for sale securities	2,267	4,140	(15,652)
Tax effect	(477)	(869)	3,287
Net realized loss included in net income	49	193	219
Tax effect	(10)	(41)	(46)
Decrease (increase) of unrecognized pension and post-retirement items	2,568	1,754	(827)
Tax effect	(540)	(369)	173
Total other comprehensive income (loss)	3,857	4,808	(12,846)
Comprehensive income	$ 21,596	$ 21,416	$ 4,576

See accompanying notes to the consolidated financial statements.

PENNS WOODS BANCORP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In Thousands, Except Share and Per Share Data)	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TREASURY STOCK	TOTAL SHAREHOLDERS' EQUITY
Balance, December 31, 2021	7,550,272	$ 41,945	$ 53,795	$ 89,761	$ (1,112)	$ (12,115)	$ 172,274
Net income				17,422			17,422
Other comprehensive loss					(12,846)		(12,846)
Cash settlement of options			(1,074)				(1,074)
Stock-based compensation recognized in earnings			1,231				1,231
Dividends declared, ($1.28 per share)				(9,036)			(9,036)
Common shares issued for employee stock purchase plan	3,617	20	62				82
Common shares issued for director compensation plan	12,921	74	238				312
Purchase of treasury stock (30,000 shares)						(700)	(700)
Balance, December 31, 2022	7,566,810	42,039	54,252	98,147	(13,958)	(12,815)	167,665
Cumulative effect of adoption of ASU 2016-13				1,647			1,647
Net income				16,608			16,608
Other comprehensive income					4,808		4,808
Stock-based compensation recognized in earnings			951				951
Dividends declared, ($1.28 per share)				(9,164)			(9,164)
Common shares issued for employee stock purchase plan	3,894	22	67				89
Common shares issued for director compensation plan	10,517	58	197				255
Common shares issued for registered at-the-market offering, net proceeds	420,069	2,331	5,960				8,291
Dividend reinvestment plan	17,929	100	306				406
Balance, December 31, 2023	8,019,219	44,550	61,733	107,238	(9,150)	(12,815)	191,556
Net income				17,739			17,739
Other comprehensive income					3,857		3,857
Stock option exercises	1,412	8					8
Stock-based compensation recognized in earnings			770				770
Dividends declared, ($1.28 per share)				(9,646)			(9,646)
Common shares issued for employee stock purchase plan	6,299	35	96				131
Common shares issued for director compensation plan	8,972	50	134				184
Dividend reinvestment plan	31,066	172	460				632
Balance, December 31, 2024	8,066,968	$ 44,815	$ 63,193	$ 115,331	$ (5,293)	$ (12,815)	$ 205,231

See accompanying notes to the consolidated financial statements.

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PENNS WOODS BANCORP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
(In Thousands)	**2024**	**2023**	**2022**
OPERATING ACTIVITIES:			
Net Income	$ 17,739	$ 16,608	$ 17,422
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,008	2,832	3,466
Amortization of intangible assets	103	117	154
Amortization of investment security discounts and premiums, net	(157)	419	1,140
Goodwill impairment	—	—	653
Loss (gain) on sale of premises and equipment	339	(148)	301
Provision (recovery) for credit losses	121	(1,479)	1,910
Stock based compensation	770	951	1,231
Securities losses, available for sale	49	193	219
Originations of loans held for sale	(59,689)	(39,079)	(39,388)
Proceeds of loans held for sale	61,900	39,430	40,946
Gain on sale of loans	(1,484)	(1,046)	(1,131)
Net equity securities losses (gains)	11	(15)	146
Security trades payable	—	—	(111)
Earnings on bank-owned life insurance	(1,159)	(1,063)	(664)
Increase (decrease) in deferred tax asset	676	497	(681)
Gain on lease abandonment	(127)	—	—
Other, net	(3,735)	605	(1,720)
Net cash provided by operating activities	19,365	18,822	23,893
INVESTING ACTIVITIES:			
Investment debt securities available for sale:			
Proceeds from sales	9,775	24,702	5,557
Proceeds from calls, maturities and repayments	42,235	28,158	17,372
Purchases	(43,184)	(46,411)	(66,984)
Proceeds from sales of equity securities	—	35	—
Net increase in loans	(37,128)	(199,726)	(248,130)
Acquisition of premises and equipment	(1,199)	(806)	(377)
Proceeds from sale of premises and equipment	741	557	150
Proceeds from the sale of foreclosed assets	323	—	120
Purchase of bank-owned life insurance	(12,147)	(8)	(22)
Proceeds from bank-owned life insurance death benefit	1,492	1,656	2
Investment in limited partnership	—	—	(695)
Proceeds from redemption of regulatory stock	39,193	41,739	11,282
Purchases of regulatory stock	(34,902)	(46,891)	(15,922)
Net cash used for investing activities	(34,801)	(196,995)	(297,647)
FINANCING ACTIVITIES:			
Net increase (decrease) in interest-bearing deposits	130,825	80,923	(89,558)
Net (decrease) increase in noninterest-bearing deposits	(14,237)	(47,890)	24,703
Proceeds from long-term borrowings	42,952	180,000	—
Repayment of long-term borrowings	(40,000)	(30,000)	(23,000)
Net (decrease) increase in short-term borrowings	(103,726)	(7,423)	147,602
Finance lease principal payments	(177)	(185)	(180)
Dividends paid	(9,646)	(9,164)	(9,036)
Issuance of common stock	947	9,041	394
Stock options exercised	8	—	—
Purchase of treasury stock	—	—	(700)
Net cash provided by financing activities	6,946	175,302	50,225
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,490)	(2,871)	(223,529)
CASH AND CASH EQUIVALENTS, BEGINNING	37,462	40,333	263,862
CASH AND CASH EQUIVALENTS, ENDING	$ 28,972	$ 37,462	$ 40,333

See accompanying notes to the consolidated financial statements.

	Year Ended December 31,		
(In Thousands)	2024	2023	2022
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest paid	$ 49,968	$ 33,420	$ 7,196
Income taxes paid	2,636	3,021	3,001

Transfer of loans to foreclosed real estate	95	770	97
Recognition of low-income housing tax asset	—	—	3,873
Recognition of commitment on low-income housing project	—	—	3,873
Adoption of ASU 2016-13, financial instruments - credit losses non-cash impact	—	1,647	—
Finance lease ROU abandonment	658	—	—
Finance lease abandonment	785	—	—

See accompanying notes to the consolidated financial statements.

PENNS WOODS BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Penns Woods Bancorp, Inc. and its wholly owned subsidiaries, Jersey Shore State Bank ("JSSB"), Luzerne Bank ("Luzerne" and collectively with JSSB , the "Banks"), Woods Real Estate Development Co., Inc., Woods Investment Company, Inc., United Insurance Solutions, LLC, and The M Group Inc. D/B/A The Comprehensive Financial Group ("The M Group"), a wholly owned subsidiary of JSSB (collectively, the "Corporation"). All significant intercompany balances and transactions have been eliminated.

Nature of Business

The Banks engage in a full-service commercial banking business, making available to the community a wide range of financial services including, but not limited to, installment loans, credit cards, mortgage and home equity loans, lines of credit, construction financing, farm loans, community development loans, loans to non-profit entities and local government, and various types of demand and time deposits including, but not limited to, checking accounts, savings accounts, money market deposit accounts, certificates of deposit, and IRAs. Deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") to the extent provided by law.

The financial services are provided by the Banks to individuals, partnerships, non-profit organizations, and corporations through their twenty-four offices located in Clinton, Lycoming, Centre, Montour, Union, Blair, and Luzerne Counties, Pennsylvania.

Woods Real Estate Development Co., Inc. engages in real estate transactions on behalf of Penns Woods Bancorp, Inc. and the Banks.

Woods Investment Company, Inc., a Delaware holding company, is engaged in investing activities.

The M Group engages in securities brokerage and financial planning services, which include the sale of life insurance products, annuities, and estate planning services.

United Insurance Solutions, LLC offers property and casualty and auto insurance products within the Corporation's market footprint. The Corporation became the sole owner of United Insurance Solutions, LLC when it purchased the outstanding 20% minority interest on October 1, 2021.

Operations are managed and financial performance is evaluated on a corporate-wide basis. Accordingly, all financial service operations are considered by management to be aggregated in two reportable operating segment.

Agreement and Plan of Merger

On December 16, 2024, the Corporation and Northwest Bancshares, Inc., a Maryland corporation ("Northwest"), entered into an Agreement and Plan of Merger (the "Merger Agreement"). The Merger Agreement provides that, under the terms and subject to the conditions set forth therein, the Corporation will merge with and into Northwest (the "Merger"), with Northwest as the surviving corporation. Immediately after the effective time of the Merger (the "Effective Time"), or at such later time as Northwest determines, the Corporation's wholly owned subsidiary banks, JSSB and Luzerne, will each merge with and into Northwest Bank, a Pennsylvania-chartered savings bank and wholly owned subsidiary of Northwest ("Northwest Bank"), with Northwest Bank as the surviving bank.

Under the terms and subject to the conditions of the Merger Agreement, at the effective time of the Merger, each share of the Corporation's common stock issued and outstanding immediately prior to the Effective Time will be converted into a right to receive 2.385 shares of Northwest common stock. Holders of the Corporation's common stock will receive cash in lieu of fractional shares. Additionally, at the Effective Time, options that are outstanding under the Corporation's equity incentive plans immediately prior to the Effective Time will vest in full and be converted automatically into the right to receive a cash payment in an amount calculated under the Merger Agreement. Completion of the Merger requires, among other things, approval from applicable regulatory authorities and approval by the Corporation's shareholders at a special meeting of shareholders scheduled for April 22, 2025.

The foregoing summary of the Merger Agreement is not complete and is qualified in all respects to the actual language of the Merger Agreement filed by the Corporation as Exhibit 2.1 to a Current Report on Form 8-K on December 20, 2024.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, valuation of net deferred tax assets, impairment of goodwill, credit losses of debt securities, fair value of financial instruments, and the valuation of real estate acquired through, or in lieu of, foreclosure on settlement of debt.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and federal funds sold. Interest-earning deposits mature within 90 days and are carried at cost. Net cash flows are reported for loan, deposit, and short-term borrowing transactions.

Restrictions on Cash and Cash Equivalents

Based on deposit levels, the Banks must maintain cash and other reserves with the Federal Reserve Bank of Philadelphia ("FRB").

Investment Securities

Investment securities are classified at the time of purchase, based on management's intention and ability, as securities held to maturity, securities available for sale, or securities held for trading. Debt securities acquired with the intent and ability to hold to maturity are stated at cost, adjusted for amortization of premium and accretion of discount, which are computed using the interest method and recognized as adjustments of interest income. Certain other debt securities have been classified as available for sale to serve principally as a source of liquidity. Unrealized holding gains and losses for available for sale securities are reported as a separate component of shareholders' equity, net of tax, until realized. Equity securities are carried at fair value. Unrealized holding gains and losses for equity securities are recognized as a separate component within the income statement. Realized security gains and losses are computed using the specific identification method for debt securities and the average cost method for marketable equity securities. Interest and dividends on investment securities are recognized as income when earned and is not included within the investment balance.

Securities are periodically reviewed for credit losses upon a number of factors, including, but not limited to, extent to which the fair value has been less than cost, the financial condition of the underlying issuer, the ability of the issuer to meet contractual obligations, the likelihood of the security's ability to recover any decline in its fair value, whether it is more likely than not that the Corporation would be required to sell the security before its anticipated recovery in fair value, and a review of the Corporation's capital adequacy, interest rate risk position, and liquidity. The assessment of a security's ability to recover any decline in fair value, the ability of the issuer to meet contractual obligations, and management's intent and ability requires considerable judgment. A decline in value that is considered to be other-than-temporary is recorded as a loss within non-interest income in the Consolidated Statement of Income.

Fair values of investment securities are based on observed market prices. Certain investment securities do not have observed bid prices and their fair value is based on instruments with similar risk elements. Since regulatory stock is redeemable at par, the Corporation carries it at cost.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff generally are stated at the principal amount outstanding, net of deferred fees and discounts, unamortized loan fees and costs, and the allowance for credit losses. Interest on loans is recognized as income when earned on the accrual method and is not included within the loan balance. The Corporation's general policy has been to stop accruing interest on loans when it is determined a reasonable doubt exists as to the collectability of additional interest. Income is subsequently recognized only to the extent that cash payments are received provided the loan is not delinquent in payment and, in management's judgment, the borrower has the ability and intent to make future principal payments. Otherwise, payments are applied to the unpaid principal balance of the loan. Loans are restored to accrual status if certain conditions are met, including but not limited to, the repayment of all unpaid interest and scheduled principal due, ongoing performance consistent with the contractual agreement, and the future expectation of continued, timely payments.

Loan origination and commitment fees as well as certain direct loan origination costs are being deferred and amortized as an adjustment to the related loan's yield over the contractual lives of the related loans.

Allowance for Credit Losses

The discussion that follows describes the methodology for determining the ACL under the CECL model that was adopted effective January 1, 2023. The allowance methodology for prior periods is disclosed in the Corpoation's 2022 Annual Report on Form 10-K.

The Corporation has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

Loans: The ACL for loans is an estimate of the expected losses to be realized over the life of the loans in the portfolio. The ACL is determined for two distinct categories of loans: 1) loans evaluated collectively for expected credit losses and 2) loans evaluated individually for expected credit losses. The ACL also includes certain qualitative and forecast adjustments to the CECL model.

Loans Evaluated Collectively:

- Loans aggregated into pools based on similar risk characteristics.
- The probability of default "PD" and loss given default rate "LGD" CECL model components are determined based on loss estimates driven by historical experience at the input level.
- The PD model component uses "through the economic cycle transition" matrices based on the Company's historical loan and transaction data across each pool of loans. Adjustments to PD are made based on the borrowers credit score and origination.
- The LGD model component calculates a lifetime LGD estimate across each pool of loans utilizing a nonparametric loss curve modeling approach. Adjustments to LGD are made based on the loan-to-value at origination.
- Reasonable and supportable forecasts are incorporated through the utilization of qualitative factors.
- Cash flow assumptions are established for each loan using maturity date, amortization schedule and interest rate.
- A constant prepayment rate is calculated for each loan pool in the CECL model.

Loans Evaluated Individually: Loans evaluated individually for expected credit losses include loans determined to be collateral-dependant or that do not share similar risk characteristics with the rest of the pool.

Loans evaluated individually may have specific allocations assigned. For loans measured using the fair value of collateral, if the analysis determines that sufficient collateral value would be available for repayment of the debt, then no allocations would be assigned to those loans. Collateral could be in the form of real estate or business assets, such as accounts receivable or inventory, in the case of commercial and industrial loans.

For loans secured by real estate, estimated fair values are determined through appraisals performed by third-party appraisers or third party evaluations for commercial real estate loans and our internal appraisal department for 1-4 family real estate secured loans, discounted to arrive at expected net sale proceeds. For collateral dependent loans, estimated real estate fair values are also net of estimated selling costs. When a real estate secured loan is impaired, a decision is made regarding whether an updated appraisal of the real estate is necessary. This decision is based on various considerations, including: the age of the most recent appraisal; the loan-to-value ratio based on the original appraisal; the condition of the property; the Company's experience and knowledge of the real estate market; the purpose of the loan; market factors; payment status; the strength of any guarantors; and the existence and age of other indications of value such as broker price opinions, among others. The Company generally obtains updated evaluations for collateral dependent loans secured predominantly by real estate every 12 months.

When updated evaluations are not obtained for loans secured by real estate, fair values are estimated based on the original appraisal values, as long as the original appraisal indicated an acceptable loan-to-value position and there has not been a significant deterioration in the collateral value since the original appraisal was performed.

Management regularly reviews loans in the portfolio to assess credit quality indicators and to determine appropriate loan classification. For commercial loans, commercial mortgages and construction loans to commercial borrowers, an internal credit rating process is used. The Company believes that internal credit ratings are the most relevant credit quality indicator for these types of loans. The migration of loans through the various internal credit rating categories is a significant component of the

ACL methodology for these loans, which bases the PD on this migration. Assigning credit ratings involves judgment. Credit ratings may be changed based on ongoing monitoring procedures, or if specific loan review assessments identify a deterioration or an improvement in the loan.

The following is a summary of the Company's internal credit rating categories:

- Pass: These loans do not currently pose undue credit risk and can range from the highest to average quality, depending on the degree of potential risk.
- Special Mention: These loans have a heightened credit risk, but not to the point of justifying a classification of Substandard. Loans in this category are currently acceptable, but are nevertheless potentially weak.
- Substandard or Lower: There exists a well-defined weakness or weaknesses that jeopardize the normal repayment of the debt.

The allocation of the ACL is reviewed to evaluate its appropriateness in relation to the overall risk profile of the loan portfolio. The Company considers risk factors such as: local and national economic conditions; trends in delinquencies and non-accrual loans; the diversity of borrower industry types; and the composition of the portfolio by loan type.

Qualitative and Other Adjustments to ACL: In addition to the quantitative credit loss estimates for loans evaluated collectively, qualitative factors that may not be fully captured in the quantitative results are also evaluated. These include changes in lending policy, volume of the portfolio, economy conditions, credit concentrations, level of problem loans, loan review, collateral value, and experience of credit staff. Qualitative adjustments are judgmental and are based on Management’s knowledge of the portfolio and the markets in which the Company operates. Qualitative adjustments are evaluated and approved on a quarterly basis.

OBS Credit Exposures: The ACL for OBS credit exposures is recorded in other liabilities on the consolidated balance sheet. This ACL represents management’s estimate of expected losses in its unfunded loan commitments and other OBS credit exposures, such as letters of credit and credit recourse on sold residential mortgage loans. The ACL specific to unfunded commitments is determined by estimating future draws and applying the expected loss rates on those draws. Future draws are based on historical averages of utilization rates (i.e., the likelihood of draws taken). The ACL for OBS credit exposures is increased or decreased by charges or reductions to expense, through the provision for credit losses.

The allowance for credit losses represents the amount which management estimates is adequate to provide for probable losses inherent in its loan portfolio as of the Consolidated Balance Sheet date. The allowance method is used in providing for loan losses. Accordingly, all loan losses are charged to the allowance and all recoveries are credited to it. The allowance for credit losses is established through a provision for credit losses charged to operations. The provision for credit losses is based upon management’s quarterly review of the loan portfolio. The purpose of the review is to assess loan quality, identify individually evaluated loans, analyze delinquencies, ascertain loan growth, evaluate potential charge-offs and recoveries, and assess general economic conditions in the markets served. An external independent loan review is also performed semi-annually for the Banks. Management remains committed to an aggressive program of problem loan identification and resolution.

Although management believes that it uses the best information available to make such determinations and that the allowance for credit losses is adequate at December 31, 2024, future adjustments could be necessary if circumstances or economic conditions differ substantially from the assumptions used in making the initial determinations. A downturn in the local economy, rising unemployment, or negative performance trends in financial information from borrowers could be indicators of subsequent increased levels of nonperforming assets and possible charge-offs, which would normally require increased credit loss provisions. An integral part of the periodic regulatory examination process is the review of the adequacy of the Banks' credit loss allowance. The regulatory agencies could require the Banks, based on their evaluation of information available at the time of their examination, to provide additional credit loss provisions to further supplement the allowance.

Loan Charge-off Policies

Loans are generally fully or partially charged down to the fair value of collateral securing the asset when:

- management judges the asset to be uncollectible;
- repayment is deemed to be protracted beyond reasonable time frames;
- the asset has been classified as a loss by either the internal loan review process or external examiners;
- the borrower has filed bankruptcy and the loss becomes evident due to a lack of assets; or
- the loan is 180 days past due unless both well secured and in the process of collection.

Troubled Loan Modifications

Under GAAP, a modification is a Troubled Loan Modification (TLM) if the borrower is experiencing financial difficulties and the modification is a direct change in contractual cash flows. This excludes insignificant payment delays.

A loan modification or refinancing results in a new loan if: the terms of the new loan are at least as favorable to the lender as the terms of the other loans to similar borrowers, and the modifications to the terms of the loan are more than minor.

Financial difficulties existing when:

- the borrower may have financial difficulties even though not currently in default with the lender;
- the borrower is currently delinquent on any of its debt (with or outside of the Bank);
- it is probable the borrower will be in payment default on any of its debt in the foreseeable future without modification;
- the borrower has declared or is declaring bankruptcy;
- there is substantial doubt as to whether the borrower will continue to be a going concern (commercial loans);
- the borrower has securities that have been, are in the process of, or under threat of being delisted from an exchange;
- the forecasted cash flows will be insufficient to service the existing debt for the foreseeable future; and
- without modification, the borrower cannot obtain funds from other sources at the same rate as a non-troubled borrower.

A direct change in contractual cash flows includes: principal forgiveness, interest rate reduction, and term extension (other than an insignificant payment delay).

Once a TLM is identified, an impairment calculation is completed. Those loans that are deemed collateral dependent loans will be measured for impairment separately, outside of the CECL model. Those that are not collateral dependent will be included in the CECL model.

Loans Held for Sale

In general, fixed rate residential mortgage loans originated by the Banks are held for sale and are carried at the lower of cost or fair value due to their short holding period, which can range from less than two weeks to a maximum of thirty days. Sold loans are not serviced by the Banks. Proceeds from the sale of loans in excess of the carrying value are accounted for as a gain. Total gains on the sale of loans are shown as a component of non-interest income within the Consolidated Statement of Income.

Foreclosed Assets

Foreclosed assets are carried at fair value less estimated selling costs. Prior to foreclosure, the value of the underlying loan is written down to the fair value of the real estate to be acquired by a charge to the allowance for loan losses, if necessary. Any subsequent write-downs are charged against operating expenses. Net operating expenses and gains and losses realized from disposition are included in non-interest expense and income, respectively, within the Consolidated Statement of Income.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the related assets, which range from five to ten years for furniture, fixtures, and equipment and fifteen to forty years for buildings and improvements. Costs incurred for routine maintenance and repairs are charged to operations as incurred. Costs of major additions and improvements are capitalized.

Bank-Owned Life Insurance

The Corporation has purchased life insurance policies on certain officers and directors. Bank-owned life insurance is recorded at its cash surrender value, or the amount that can be realized. Increases in the cash surrender value are recognized as a component of non-interest income within the Consolidated Statement of Income.

Goodwill

The Corporation performs an annual impairment analysis of goodwill for its purchased subsidiaries, Luzerne Bank and The M Group. Based on the fair value of these reporting units, estimated using the expected present value of future cash flows, an impairment of goodwill was recognized in 2022 of $653,000 related to The M Group. No impairment of goodwill was recognized in 2024 or 2023.

Intangible Assets

The Corporation also had intangible assets of $107,000, which is net of accumulated amortization of $913,000, as a result of the purchase of two books of business related to investment product sales. The book of business intangible is being amortized using the straight-line method over a period of ten years.

Investments in Limited Partnerships

The Corporation was a limited partner in two partnerships at December 31, 2024 that provides low income elderly housing in the Corporation's geographic market area. The carrying value of the Corporation's investment in the limited partnerships was $6,691,000 at December 31, 2024 and $7,815,000 at December 31, 2023. The investments will be amortized using the proportional amortization method over the period of the related tax benefits. Both partnerships have reached the level of occupancy needed to begin the ten year tax credit recognition period. There was $1,124,000 and $841,000 in amortization recognized in 2024 and 2023. The Corporation recognized a liability during 2022 in the amount of $3,873,000 for future equity contributions to be made to one of the partnerships, which is still outstanding at December 31, 2024.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Corporation enters into off-balance sheet financial instruments. Those instruments consist of commitments to extend credit and standby letters of credit. When those instruments are funded or become payable, the Corporation reports the amounts in its financial statements.

Marketing Cost

Marketing costs are generally expensed as incurred.

Income Taxes

The Corporation prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

Deferred tax assets and liabilities result from temporary differences in financial and income tax methods of accounting, and are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. The Corporation analyzed its deferred tax asset position and determined that there was not a need for a valuation allowance due to the Corporation's ability to generate future ordinary and capital taxable income.

The Corporation when applicable recognizes interest and penalties on income taxes as a component of income tax provision.

Earnings Per Share

The Corporation provides dual presentation of basic and diluted earnings per share. Basic earnings per share is calculated utilizing net income as reported in the numerator and weighted average shares outstanding in the denominator. The computation of diluted earnings per share differs in that the dilutive effects of any stock options are adjusted in the denominator.

Employee Benefits

Pension and employee benefits include contributions, determined actuarially, to a defined benefit retirement plan covering the eligible employees of JSSB. The plan is funded on a current basis to the extent that it is deductible under existing federal tax regulations. Pension and other employee benefits also include contributions to a defined contribution Section 401(k) plan covering eligible employees. Contributions matching those made by eligible employees are funded throughout the year. In addition, an elective contribution may be made annually at the discretion of the board of directors.

The M Group Products and Income Recognition

The M Group product line is comprised primarily of annuities, life insurance, and mutual funds. The revenues generated from life insurance sales are commission only, as The M Group does not underwrite the policies. Life insurance sales include permanent and term policies with the majority of the policies written being permanent. Term life insurance policies are written for 10, 15, 20, and 30 year terms with the majority of the policies being written for 20 years. None of these products are offered as an integral part of lending activities.

Commissions from the sale of annuities are recognized at the time notice is received from the third party broker/dealer or an insurance company that the transaction has been accepted and approved, which is also the time when commission income is received.

Life insurance commissions are recognized at varying points based on the payment option chosen by the customer. Commissions from monthly and annual payment plans are recognized at the start of each annual period for the life insurance, while quarterly and semi-annual premium payments are recognized quarterly and semi-annually when the earnings process is complete. For example, semi-annual payments on the first of January and July would result in commission income recognition on the first of January and July, while payments on the first of January, April, July, and October would result in commission income recognition on those dates. The potential for chargebacks only exists for those policies on a monthly payment plan since income is recognized at the beginning of the annual coverage period versus at the time of each monthly payment. No liability is maintained for chargebacks as these are removed from income at the time of the occurrence.

Accumulated Other Comprehensive Income (Loss)

The Corporation is required to present accumulated other comprehensive income (loss) in a full set of general-purpose financial statements for all periods presented. Accumulated other comprehensive income (loss) is comprised of unrealized holding gains (losses) on the available for sale securities portfolio and the unrecognized components of net periodic benefit costs of the defined benefit pension plan.

Segment Reporting

The Corporation has determined that its reportable segments include Jersey Shore State Bank and Luzerne Bank. See note 24 for additional information.

Reclassification of Comparative Amounts

Certain items previously reported have been reclassified to conform to the current year’s reporting format. Such reclassifications did not affect net income or shareholders’ equity.

Recent Accounting Pronouncements Not Yet Adopted

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. This amendment clarifies the guidance in Topic 820, *Fair Value Measurement*, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security. It also introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. For public business entities, the amendments in ASU 2022-03 were effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. This Update did not have a significant impact on the Company’s financial statements.

In March 2023, the FASB issued ASU 2023-02, *Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. The amendments in this ASU permit reporting entities to elect to account for their tax equity investments regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. For public business entities, the ASU was effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. This Update did not have a significant impact on the Company’s financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Public entities are required to adopt the changes retrospectively, recasting each prior-period disclosure for which a comparative income statement is presented in the period of adoption. This Update did not have a significant impact on the Company's financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance is effective for public business entities for annual periods beginning after December 15, 2024, and for annual periods beginning after December 15, 2025, for all other entities. This Update is not expected to have a significant impact on the Company's financial statements.

In March 2024, the FASB issued ASU 2024-01, *Compensation – Stock Compensation (Topic 718)*, amended the guidance in ASC 718 to add an example showing how to apply the scope guidance to determine whether profits, interest, and similar awards should be accounted for as share-based payment arrangements. For public business entities, the guidance is effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. For all other entities, it is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. This Update is not expected to have a significant impact on the Company's financial statements.

NOTE 2 - ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The changes in accumulated other comprehensive income (loss) by component shown, net of tax and parenthesis indicating debits to net income, as of December 31, 2024, 2023, and 2022 were as follows:

	Twelve Months Ended December 31, 2024			Twelve Months Ended December 31, 2023			Twelve Months Ended December 31, 2022		
(In Thousands)	**Net Unrealized (Loss) Gain on Available for Sale Securities***	**Defined Benefit Plan***	**Total***	**Net Unrealized Gain (Loss) on Available for Sale Securities***	**Defined Benefit Plan***	**Total***	**Net Unrealized Gain (Loss) on Available for Sale Securities***	**Defined Benefit Plan***	**Total***
Beginning balance	$ (6,396)	$ (2,754)	$ (9,150)	$ (9,819)	$ (4,139)	$ (13,958)	$ 2,373	$ (3,485)	$ (1,112)
Other comprehensive income (loss) before reclassifications	1,790	1,968	3,758	3,271	1,268	4,539	(12,365)	(709)	(13,074)
Amounts reclassified from accumulated other comprehensive income (loss)	39	60	99	152	117	269	173	55	228
Net current-period other comprehensive income (loss)	1,829	2,028	3,857	3,423	1,385	4,808	(12,192)	(654)	(12,846)
Ending balance	$ (4,567)	$ (726)	$ (5,293)	$ (6,396)	$ (2,754)	$ (9,150)	$ (9,819)	$ (4,139)	$ (13,958)

*Amounts net of 21% tax rate

The reclassifications out of accumulated other comprehensive (loss) income shown, net of tax and parenthesis indicating debits to net income, as of December 31, 2024, 2023, and 2022 were as follows:

(In Thousands)

Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income — Twelve Months Ended December 31, 2024	December 31, 2023	December 31, 2022	Affected Line Item in the Consolidated Statement of Income
Net realized loss on available for sale securities	$ (49)	$ (193)	$ (219)	Net debt securities losses, net available for sale
Income tax effect	10	41	46	Income tax provision
	$ (39)	$ (152)	$ (173)	
Net unrecognized pension expense	$ (76)	$ (148)	$ (69)	Other non-interest expense
Income tax effect	16	31	14	Income tax provision
	$ (60)	$ (117)	$ (55)	

NOTE 3 - PER SHARE DATA

There are no convertible securities which would affect the denominator in calculating basic and dilutive earnings per share; therefore, net income as presented on the consolidated statement of income will be used as the numerator. The following table sets forth the composition of the weighted average common shares (denominator) used in the basic and dilutive per share computation.

	Year Ended December 31, 2024	2023	2022
Weighted average common shares issued	8,045,622	7,622,675	7,559,306
Average treasury stock shares	(510,225)	(510,225)	(499,869)
Weighted average common shares outstanding - basic	7,535,397	7,112,450	7,059,437
Dilutive effect of outstanding stock options	7,714	—	—
Weighted average common shares outstanding - diluted	7,543,111	7,112,450	7,059,437

There were a total of 1,087,300 non-qualified employee stock options (Note 14) outstanding on December 31, 2024 that had a weighted average strike price of $25.12. Options on December 31, 2023 had an average strike price of $25.55 with a total of 1,000,000 options outstanding. Grants outstanding at year-end 2022 totaled to 914,000 options with an average strike price of $25.34. A portion of options were included, on a weighted average basis, in the computation of diluted earnings per share for 2024 due to the average market price of common shares being in excess of the strike price of the options. These options were excluded, on a weighted average basis, in the computation of diluted earnings per share for the 2023 and 2022 periods presented due to the average market price of common shares being less than the strike price of the options.

NOTE 4 - INVESTMENT SECURITIES

The amortized cost, gross gains and losses, and fair values of investment securities at December 31, 2024 and 2023 are as follows:

(In Thousands)	2024 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale (AFS):				
U.S. Government and agency securities	$ 2,000	$ —	$ (40)	$ 1,960
Mortgage-backed securities	38,795	127	(565)	38,357
State and political securities	104,992	48	(4,416)	100,624
Other debt securities	44,536	684	(1,619)	43,601
Total debt securities	$ 190,323	$ 859	$ (6,640)	$ 184,542
Investment equity securities:				
Other equity securities	$ 1,300	$ —	$ (189)	$ 1,111
Total equity securities	$ 1,300	$ —	$ (189)	$ 1,111

(In Thousands)	2023 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale (AFS):				
U.S. Government and agency securities	$ 4,000	$ 3	$ (60)	$ 3,943
Mortgage-backed securities	15,457	120	(222)	15,355
State and political securities	120,740	162	(5,287)	115,615
Other debt securities	58,844	97	(2,909)	56,032
Total debt securities	$ 199,041	$ 382	$ (8,478)	$ 190,945
Investment equity securities:				
Other equity securities	$ 1,300	$ —	$ (178)	$ 1,122
Total equity securities	$ 1,300	$ —	$ (178)	$ 1,122

There was no allowance for credit losses recorded for AFS securities at December 31, 2024 or 2023.

The following tables show the Corporation's gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position, at December 31, 2024 and 2023.

	2024					
	Less than Twelve Months		Twelve Months or Greater		Total	
(In Thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available for sale (AFS)						
U.S. Government and agency securities	$ 988	$ (12)	$ 972	$ (28)	$ 1,960	$ (40)
Mortgage-backed securities	21,988	(391)	1,640	(174)	23,628	(565)
State and political securities	22,249	(598)	74,096	(3,818)	96,345	(4,416)
Other debt securities	2,716	(65)	23,014	(1,554)	25,730	(1,619)
Total Debt Securities AFS	$ 47,941	$ (1,066)	$ 99,722	$ (5,574)	$ 147,663	$ (6,640)

(In Thousands)	2023 Less than Twelve Months Fair Value	Less than Twelve Months Gross Unrealized Losses	Twelve Months or Greater Fair Value	Twelve Months or Greater Gross Unrealized Losses	Total Fair Value	Total Gross Unrealized Losses
Available for sale (AFS)						
U.S. Government and agency securities	$ —	$ —	$ 2,940	$ (60)	$ 2,940	$ (60)
Mortgage-backed securities	7,559	(78)	984	(144)	8,543	(222)
State and political securities	6,051	(128)	99,405	(5,159)	105,456	(5,287)
Other debt securities	12,976	(218)	35,449	(2,691)	48,425	(2,909)
Total Debt Securities AFS	$ 26,586	$ (424)	$ 138,778	$ (8,054)	$ 165,364	$ (8,478)

At December 31, 2024 there were 51 individual securities in a continuous unrealized loss position for less than twelve months and 134 individual securities in a continuous unrealized loss position for greater than twelve months.

The Corporation reviews its position quarterly and has asserted that at December 31, 2024 and 2023, the declines outlined in the above table do not represent credit losses and the Corporation does not intend to sell and does not believe they will be required to sell these securities before recovery of their cost basis, which may be at maturity. The Corporation has concluded that no allowance for credit losses is necessary as the unrealized losses are the result of interest rate changes that are not expected to result in the non-collection of principal and interest during the period.

The amortized cost and fair value of debt securities at December 31, 2024, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities since borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In Thousands)	Amortized Cost	Fair Value
Due in one year or less	$ 19,061	$ 18,831
Due after one year to five years	69,561	67,352
Due after five years to ten years	76,459	73,610
Due after ten years	25,242	24,749
Total	$ 190,323	$ 184,542

Total gross proceeds from sales of securities available for sale were $9,775,000, $24,702,000, and $5,557,000 for 2024, 2023, and 2022, respectively.

The following table represents gross realized gains and losses on those transactions:

(In Thousands)	Year Ended December 31, 2024	2023	2022
Gross realized gains:			
U.S. Government and agency securities	$ —	$ —	$ —
Mortgage-backed securities	—	—	—
State and political securities	53	146	14
Other debt securities	49	—	—
Total gross realized gains	$ 102	$ 146	$ 14
Gross realized losses:			
U.S. Government and agency securities	$ —	$ —	$ —
Mortgage-backed securities	—	—	—
State and political securities	43	339	233
Other debt securities	108	—	—
Total gross realized losses	$ 151	$ 339	$ 233

There were no impairment charges included in gross realized losses for the years ended December 31, 2024, 2023, and 2022.

Investment securities with a carrying value of approximately $110,153,000 and $107,800,000 at December 31, 2024 and 2023, respectively, were pledged to secure certain deposits, repurchase agreements, and for other purposes as required by law.

Equity securities consist of Community Reinvestment Act funds along with other smaller investments in other exchange traded equities. At December 31, 2024 and December 31, 2023, we had $1,111,000 and $1,122,000, respectively, in equity securities recorded at fair value. The following is a summary of unrealized and realized gains and losses recognized in net income on equity securities during the years ended December 31, 2024, 2023 and 2022:

(In Thousands)	**2024**	**2023**	**2022**
Net (loss) gain recognized in equity securities during the period	$ (11)	$ 15	$ (146)
Less: Net (loss) gain realized on the sale of equity securities during the period	—	(1)	—
Unrealized (loss) gain recognized in equity securities held at reporting date	$ (11)	$ 16	$ (146)

There is no concentration of investments that exceed ten percent of shareholders' equity for any individual issuer, excluding those guaranteed by the U.S. Government.

NOTE 5 - FEDERAL HOME LOAN BANK STOCK

The Banks are members of the Federal Home Loan Bank ("FHLB") of Pittsburgh and as such, are required to maintain a minimum investment in stock of the FHLB that varies with the level of advances outstanding with the FHLB. The stock is bought from and sold to the FHLB based upon its $100 par value. The stock does not have a readily determinable fair value and as such is classified as restricted stock, carried at cost and evaluated for impairment as necessary. The stock's value is determined by the ultimate recoverability of the par value rather than by recognizing temporary declines. The determination of whether the par value will ultimately be recovered is influenced by criteria such as the following: (a) the significance of the decline in net assets of the FHLB as compared to the capital stock amount and the length of time this situation has persisted (b) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance (c) the impact of legislative and regulatory changes on the customer base of the FHLB and (d) the liquidity position of the FHLB.

Management evaluated the stock and concluded that the stock was not impaired for the periods presented herein. Management considered that the FHLB maintains regulatory capital ratios in excess of all regulatory capital requirements, liquidity appears adequate, new shares of FHLB stock continue to change hands at the $100 par value, and the payment of dividends.

NOTE 6 - LOAN CREDIT QUALITY AND RELATED ALLOWANCE FOR CREDIT LOSSES

Management segments the Banks' loan portfolio to a level that enables risk and performance monitoring according to similar risk characteristics. Loans are segmented based on the underlying collateral characteristics. Categories include commercial, financial, and agricultural, real estate, and installment loans. Real estate loans are further segmented into three categories: residential, commercial, and construction, while installment loans are classified as either consumer automobile loans or other installment loans.

The following table presents the related aging categories of loans, by class, as of December 31, 2024 and 2023:

	2024			
(In Thousands)	Past Due 30 To 89 Days	Past Due 90 Days Or More	Current	Total
Commercial, financial, and agricultural	$ 1,742	$ 64	$ 210,313	$ 212,119
Real estate mortgage:				
Residential	13,222	2,622	814,563	830,407
Commercial	1,522	2,964	531,533	536,019
Construction	1,056	—	42,075	43,131
Consumer automobile loans	5,071	373	239,150	244,594
Other consumer installment loans	160	41	9,644	9,845
	$ 22,773	$ 6,064	$ 1,847,278	1,876,115
Net deferred loan fees and discounts				963
Allowance for credit losses				(11,848)
Loans, net				$ 1,865,230

	2023			
(In Thousands)	Past Due 30 To 89 Days	Past Due 90 Days Or More	Current	Total
Commercial, financial, and agricultural	$ 749	$ 587	$ 212,130	$ 213,466
Real estate mortgage:				
Residential	10,158	1,970	786,373	798,501
Commercial	1,466	273	529,862	531,601
Construction	812	—	39,577	40,389
Consumer automobile loans	2,748	307	241,343	244,398
Other consumer installment loans	620	11	9,730	10,361
	$ 16,553	$ 3,148	$ 1,819,015	1,838,716
Net deferred loan fees and discounts				1,048
Allowance for loan losses				(11,446)
Loans, net				$ 1,828,318

The majority of the commercial real-estate segment is 1-4 family residential or owner occupied properties. The Banks have not historically focused on non-owner occupied office buildings. As of December 31, 2023, non-mixed use non-owner occupied office building exposure is minimal at $14,100,000 with no loans being past due or nonperforming. A total $4,516,000 in loans were considered past due 90 or more days and were still accruing.

The Allowance for Credit Losses ("ACL") related to loans consists of loans evaluated collectively and individually for expected credit losses. The ACL related to loans represents an estimate of expected credit losses over the expected life of the loans as of the balance sheet date and is recorded as a reduction to net loans. The ACL for off balance sheet credit exposure includes estimated losses on unfunded loan commitments, letters of credit and other off balance sheet credit exposures and is recorded in other liabilities. The total ACL is increased by charges to expense, through the provision for credit losses, and decreased by charge-offs, net of recoveries.

Non-Accrual Loans

Total non-accrual loans at December 31, 2024 and 2023 are as follows:

	December 31, 2024			December 31, 2023		
	Non-accrual Loans					
(In Thousands)	With a Related ACL	Without a Related ACL	Total	With a Related ACL	Without a Related ACL	Total
Commercial, financial, and agricultural	$ —	$ 564	$ 564	$ —	$ 504	$ 504
Real estate mortgage:						
Residential	—	212	212	21	259	280
Commercial	2,036	1,576	3,612	—	214	214
Construction	—	—	—	—	—	—
Consumer automobile	—	—	—	—	—	—
Other consumer installment loans	—	—	—	—	—	—
	$ 2,036	$ 2,352	$ 4,388	$ 21	$ 977	$ 998

Total interest income recorded on non-accrual loans at December 31, 2024 and 2023 totaled $194,000 and $117,000, respectively.

Impaired Loans

The following table presents the average recorded investment in impaired loans and related interest income recognized for December 31, 2022:

	2022		
(In Thousands)	Average Investment in Impaired Loans	Interest Income Recognized on an Accrual Basis on Impaired Loans	Interest Income Recognized on a Cash Basis on Impaired Loans
Commercial, financial, and agricultural	$ 765	$ 20	$ —
Real estate mortgage:			
Residential	4,676	192	3
Commercial	7,233	201	26
Construction	34	1	—
Consumer automobile loans	3	1	—
Other consumer installment loans	16	—	—
	$ 12,727	$ 415	$ 29

At December 31, 2024, no additional funds were committed to be advanced in connection with individually evaluated loans.

The following table presents outstanding loan balances of collateral-dependent loans by class as of December 31, 2024 and December 31, 2023:

	December 31, 2024		
(In Thousands)	**Real estate**	**Unsecured***	**Total**
Real estate mortgage:			
Residential	$ 1,420	$ —	$ 1,420
Commercial	3,505	—	3,505
Total	$ 4,925	$ —	$ 4,925

	December 31, 2023		
(In Thousands)	**Real estate**	**Unsecured***	**Total**
Real estate mortgage:			
Residential	$ 1,533	$ —	$ 1,533
Commercial	88	—	88
Total	$ 1,621	$ —	$ 1,621

* Loan considered unsecured due to lien position on property

Loan Modifications

On January 1, 2023, the Corporation adopted ASU 2022-02. Loan modifications to borrowers experiencing financial difficulty ("TLM") reported below do not include modifications with insignificant payment delays. ASU 2022-02 lists the following factors when considering if the loan modification has insignificant payment delays: (1) the amount of the restructured payments subject to the delay is insignificant relative to the unpaid principal or collateral value of the debt and will result in an insignificant shortfall in the contractual amount due, and (2) the delay in timing of the restructured payment period is insignificant relative to the frequency of payments due under the debt, the debt's original contractual maturity or the debt's original expected duration.

Prior to the adoption of ASU 2022-02 the loan portfolio also includes certain loans that have been modified in a Troubled Debt Restructuring ("TDR"), where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance, or other actions. Certain TDRs are classified as non-performing at the time of restructure and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally six months.

There were no loan modifications to borrowers experiencing financial difficulty completed during the twelve months ended December 31, 2024 and 2023.

No loan modifications considered TLMs made during the twelve months prior to December 31, 2024 and 2023 defaulted.

Loans considered modifications amounted to $4,319,000 and $5,019,000 as of December 31, 2024 and December 31, 2023, respectively.

Loan modifications that are considered TDRs completed during the twelve months ended December 31, 2022 were as follows:

	Year Ended December 31,		
	2022		
(In Thousands, Except Number of Contracts)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial, financial, and agricultural	—	$ —	$ —
Real estate mortgage:			
Residential	1	220	220
Commercial	—	—	—
Construction	—	—	—
Other consumer installment loans	—	—	—
Total	1	$ 220	$ 220

Internal Credit Ratings

Management uses a ten point internal risk rating system to monitor the credit quality of the overall loan portfolio. The first six categories are considered not criticized, and are aggregated as “Pass” rated. The criticized rating categories utilized by management generally follow bank regulatory definitions. The Special Mention category includes assets that are currently protected but are potentially weak, resulting in an undue and unwarranted credit risk, but not to the point of justifying a Substandard classification. Loans in the Substandard category have well-defined weaknesses that jeopardize the liquidation of the debt, and have a distinct possibility that some loss will be sustained if the weaknesses are not corrected. All loans greater than 90 days past due are evaluated for Substandard classification. Loans in the Doubtful category exhibit the same weaknesses found in the Substandard loans, however, the weaknesses are more pronounced. Such loans are static and collection in full is improbable. However, these loans are not yet rated as loss because certain events may occur which would salvage the debt. Loans classified Loss are considered uncollectible and charge-off is imminent.

To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Banks have a structured loan rating process with several layers of internal and external oversight. Generally, consumer and residential mortgage loans are included in the pass category unless a specific action, such as bankruptcy, repossession, or death occurs to raise awareness of a possible credit event. An external semi-annual loan review of large commercial relationships is performed, as well as a sample of smaller transactions. The 2024 loan review evaluated 55% of the Bank's average outstanding commercial portfolio which can consist of outstanding loans, commercial real estate mortgages and outstanding commitments. Detailed reviews, including plans for resolution, are performed on loans classified as substandard, doubtful, or loss on a quarterly basis.

The following table presents the credit quality categories identified above as of December 31, 2024 and 2023:

	December 31, 2024								
(In Thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial, financial, and agricultural									
Pass	$ 29,156	$ 24,335	$ 41,488	$ 30,040	$ 29,742	$ 23,601	$ 31,511	$ 144	$ 210,017
Special Mention	—	—	127	24	15	—	—	—	166
Substandard or Lower	—	—	—	—	—	690	476	770	1,936
	$ 29,156	$ 24,335	$ 41,615	$ 30,064	$ 29,757	$ 24,291	$ 31,987	$ 914	$ 212,119
Current period gross write offs	$ —	$ 40	$ 71	$ —	$ —	$ 65	$ —	$ —	$ 176
Real estate mortgage:									
Residential									
Pass	$ 107,763	$ 114,177	$ 125,199	$ 78,214	$ 44,408	$ 147,432	$ 61,341	$ 148,538	$ 827,072
Special Mention	—	334	516	—	—	90	—	—	940
Substandard or Lower	—	—	309	266	—	1,766	—	54	2,395
	$ 107,763	$ 114,511	$ 126,024	$ 78,480	$ 44,408	$ 149,288	$ 61,341	$ 148,592	$ 830,407
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 13	$ 27	$ —	$ 40
Commercial									
Pass	$ 37,787	$ 63,099	$ 102,339	$ 117,802	$ 45,307	$ 143,949	$ 12,456	$ 873	$ 523,612
Special Mention	—	181	149	2,366	—	906	—	—	3,602
Substandard or Lower	—	—	—	872	—	7,933	—	—	8,805
	$ 37,787	$ 63,280	$ 102,488	$ 121,040	$ 45,307	$ 152,788	$ 12,456	$ 873	$ 536,019
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 3	$ —	$ —	$ 3
Construction									
Pass	$ 15,094	$ 14,053	$ 6,888	$ 1,225	$ 1,117	$ 4,325	$ 350	$ —	$ 43,052
Special Mention	—	—	—	—	—	—	—	—	—
Substandard or Lower	—	—	—	—	—	79	—	—	79
	$ 15,094	$ 14,053	$ 6,888	$ 1,225	$ 1,117	$ 4,404	$ 350	$ —	$ 43,131
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer Automobile									
Pass	$ 78,688	$ 89,462	$ 53,488	$ 11,776	$ 7,691	$ 3,489	$ —	$ —	$ 244,594
Special Mention	—	—	—	—	—	—	—	—	—
Substandard or Lower	—	—	—	—	—	—	—	—	—
	$ 78,688	$ 89,462	$ 53,488	$ 11,776	$ 7,691	$ 3,489	$ —	$ —	$ 244,594
Current period gross write offs	$ 115	$ 525	$ 246	$ 97	$ 61	$ 37	$ —	$ —	$ 1,081
Installment loans to individuals									
Pass	$ 2,837	$ 1,739	$ 1,245	$ 800	$ 386	$ 2,808	$ —	$ 30	$ 9,845
Special Mention	—	—	—	—	—	—	—	—	—
Substandard or Lower	—	—	—	—	—	—	—	—	—
	$ 2,837	$ 1,739	$ 1,245	$ 800	$ 386	$ 2,808	$ —	$ 30	$ 9,845
Current period gross write offs	$ 122	$ 86	$ 30	$ 2	$ 4	$ 52	$ —	$ —	$ 296

	December 31, 2023								
(In Thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial, financial, and agricultural									
Pass	$ 31,190	$ 49,615	$ 35,901	$ 31,980	$ 3,123	$ 29,502	$ 29,397	$ 101	$ 210,809
Special Mention	—	183	37	19	—	138	223	—	600
Substandard or Lower	—	—	—	85	—	742	487	743	2,057
	$ 31,190	$ 49,798	$ 35,938	$ 32,084	$ 3,123	$ 30,382	$ 30,107	$ 844	$ 213,466
Current period gross write offs	$ —	$ 41	$ —	$ —	$ —	$ —	$ —	$ —	$ 41
Real estate mortgage:									
Residential									
Pass	$ 135,939	$ 134,077	$ 88,844	$ 51,378	$ 33,914	$ 148,802	$ 56,519	$ 146,055	$ 795,528
Special Mention	—	844	273	—	—	—	—	—	1,117
Substandard or Lower	—	—	—	—	—	1,790	—	66	1,856
	$ 135,939	$ 134,921	$ 89,117	$ 51,378	$ 33,914	$ 150,592	$ 56,519	$ 146,121	$ 798,501
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ 9	$ 73	$ —	$ 82
Commercial									
Pass	$ 55,664	$ 107,638	$ 128,094	$ 49,603	$ 24,104	$ 144,377	$ 12,338	$ 821	$ 522,639
Special Mention	—	153	2,990	—	—	1,891	—	—	5,034
Substandard or Lower	—	—	—	—	59	3,869	—	—	3,928
	$ 55,664	$ 107,791	$ 131,084	$ 49,603	$ 24,163	$ 150,137	$ 12,338	$ 821	$ 531,601
Current period gross write offs	$ 59	$ —	$ —	$ —	$ —	$ 3	$ —	$ —	$ 62
Construction									
Pass	$ 25,494	$ 6,837	$ 1,742	$ 1,302	$ 392	$ 4,272	$ 261	$ —	$ 40,300
Special Mention	—	—	—	—	—	—	—	—	—
Substandard or Lower	—	—	—	—	—	89	—	—	89
	$ 25,494	$ 6,837	$ 1,742	$ 1,302	$ 392	$ 4,361	$ 261	$ —	$ 40,389
Current period gross write offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer Automobile									
Pass	$ 119,922	$ 78,443	$ 19,567	$ 15,348	$ 7,305	$ 3,813	$ —	$ —	$ 244,398
Special Mention	—	—	—	—	—	—	—	—	—
Substandard or Lower	—	—	—	—	—	—	—	—	—
	$ 119,922	$ 78,443	$ 19,567	$ 15,348	$ 7,305	$ 3,813	$ —	$ —	$ 244,398
Current period gross write offs	$ 30	$ 320	$ 178	$ 113	$ 8	$ 17	$ —	$ —	$ 666
Installment loans to individuals									
Pass	$ 2,952	$ 2,188	$ 1,177	$ 524	$ 407	$ 3,071	$ —	$ 42	$ 10,361
Special Mention	—	—	—	—	—	—	—	—	—
Substandard or Lower	—	—	—	—	—	—	—	—	—
	$ 2,952	$ 2,188	$ 1,177	$ 524	$ 407	$ 3,071	$ —	$ 42	$ 10,361
Current period gross write offs	$ 232	$ 47	$ 23	$ 8	$ 12	$ 34	$ 13	$ 11	$ 380

Activity in the allowance is presented for the twelve months ended December 31, 2024, 2023, and 2022:

2024								
		Real Estate Mortgages						
(In Thousands)	Commercial, Finance, and Agricultural	Residential	Commercial	Construction	Consumer automobile	Other consumer installment	Unallocated	Totals
Beginning Balance	$ 3,379	$ 1,200	$ 3,352	$ 145	$ 2,668	$ 702	$ —	$ 11,446
Charge-offs	(176)	(40)	(3)	—	(1,081)	(296)	—	(1,596)
Recoveries	758	32	2	—	178	86	—	1,056
Provision	(1,638)	(466)	1,948	(138)	1,144	92	—	942
Ending Balance	$ 2,323	$ 726	$ 5,299	$ 7	$ 2,909	$ 584	$ —	$ 11,848

2023								
		Real Estate Mortgages						
(In Thousands)	Commercial, Finance, and Agricultural	Residential	Commercial	Construction	Consumer automobile	Other consumer installment	Unallocated	Totals
Beginning Balance	$ 1,914	$ 5,061	$ 6,110	$ 188	$ 1,617	$ 109	$ 638	$ 15,637
Impact of adopting ASC 326	2,656	(3,893)	(2,660)	(96)	240	602	(638)	(3,789)
Charge-offs	(41)	(82)	(62)	—	(666)	(380)	—	(1,231)
Recoveries	1,538	29	26	—	79	84	—	1,756
Provision	(2,688)	85	(62)	53	1,398	287	—	(927)
Ending Balance	$ 3,379	$ 1,200	$ 3,352	$ 145	$ 2,668	$ 702	$ —	$ 11,446

2022								
		Real Estate Mortgages						
(In Thousands)	Commercial, Finance, and Agricultural	Residential	Commercial	Construction	Consumer automobile	Other consumer installment	Unallocated	Totals
Beginning Balance	$ 1,946	$ 4,701	$ 5,336	$ 179	$ 1,411	$ 111	$ 492	$ 14,176
Charge-offs	(21)	(21)	(154)	—	(386)	(267)	—	(849)
Recoveries	186	47	4	29	58	76	—	400
Provision	(197)	334	924	(20)	534	189	146	1,910
Ending Balance	$ 1,914	$ 5,061	$ 6,110	$ 188	$ 1,617	$ 109	$ 638	$ 15,637

The shift in allocation and the changes in the provision for credit losses are primarily due to changes in the credit metrics within the loan portfolio along with the continued use of the CECL model.

The negative provision for commercial and agricultural loans decreased during 2024 due to the level of net recoveries. The provision for residential real estate loans decreased as the portfolio metrics continue to improve. The provision for commercial real estate loans increased primarily due to the credit downgrading of several loan relationships. The provision for consumer automobiles decreased slightly as the provision approximated the level of net charge-offs while the portfolio balance remained stable.

The provision for commercial and agricultural loans decreased during 2023 due to an increase in the level of net recoveries which had a significant impact on the ACL model's PD assumption. The reserve for residential real estate loans decreased primarily due to the adoption of CECL. The provision for commercial real estate loans decreased primarily due to the adoption of CECL and improvement in portfolio credit metrics. The provision for consumer automobiles increased due to increased indirect loan volume and an increase in net charge-offs.

The Corporation grants commercial, industrial, residential, and installment loans to customers throughout north-east and central Pennsylvania. Although the Corporation has a diversified loan portfolio at December 31, 2024 and 2023, a substantial portion of its debtors' ability to honor their contracts is dependent on the economic conditions within this region.

The amount of foreclosed residential real estate held at December 31, 2024 and December 31, 2023, totaled $1,496,000 and $700,000, respectively. Consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process at December 31, 2024 and December 31, 2023, totaled $1,693,000 and $601,000, respectively.

The Corporation has a concentration of loans at December 31, 2024 and 2023 as follows:

	2024	2023
Owners of residential rental properties	19.77 %	18.74 %
Owners of commercial rental properties	14.73 %	14.65 %

NOTE 7 - PREMISES AND EQUIPMENT

Major classifications of premises and equipment are summarized as follows at December 31, 2024 and 2023:

(In Thousands)	2024	2023
Land	$ 6,546	$ 6,595
Premises	20,672	22,129
Furniture and equipment	9,604	13,223
Leasehold improvements	4,059	4,157
Finance lease right-of-use assets	5,516	6,576
Total	46,397	52,680
Less accumulated depreciation and amortization	18,608	22,430
Net premises and equipment	$ 27,789	$ 30,250

Depreciation and amortization related to premises and equipment for the years ended 2024, 2023, and 2022 was $1,887,000, $1,990,000, and $2,107,000, respectively.

NOTE 8 - GOODWILL AND OTHER INTANGIBLES

As of December 31, 2024 and 2023, goodwill had a gross carrying value of $17,380,000 and accumulated amortization of $277,000. During 2022 an impairment charge of $653,000 was recognized resulting in a net carrying amount of $16,450,000 at December 31, 2022. The impairment charge occurred due to a decline in revenue that was experienced during 2022 for The M Group.

The gross carrying amount of goodwill is tested for impairment annually. Based on the fair value of the reporting unit, estimated using the expected present value of future cash flows, there was no evidence of impairment of the carrying amount at December 31, 2024.

Identifiable intangibles are amortized to their estimated residual values over the expected useful lives. Such lives are also periodically reassessed to determine if any amortization period adjustments are required. Since the acquisition, no such adjustments were recorded. The identifiable intangible assets consist of two book of business intangibles that are being amortized on a straight-line basis over the useful life of such assets. The net carrying amount of the book of business intangibles at December 31, 2024 was $107,000 with $913,000 accumulated amortization as of that date.

As of December 31, 2024, the estimated future amortization expense for the core deposit and trade name intangible was:

(In Thousands)	Book of Business Intangible
2025	$ 102
2026	5
	$ 107

NOTE 9 - DEPOSITS

Time deposits of $250,000 or more totaled approximately $81,426,000 on December 31, 2024 and $50,722,000 on December 31, 2023.

Total time deposit maturities are as follows at December 31, 2024:

(In Thousands)	2024
2025	$ 488,055
2026	19,858
2027	7,482
2028	2,776
2029	533
Thereafter	437
Total	$ 519,141

Total deposits at December 31, 2024 and 2023 are as follows:

	2024	2023
(In Thousands)	Amount	Amount
Noninterest-bearing	$ 456,936	$ 471,173
Savings	208,340	219,287
Super Now	212,687	214,888
Money Market	308,977	299,353
Time	340,844	260,067
Brokered Time Deposits	178,297	124,725
Total deposits	$ 1,706,081	$ 1,589,493

NOTE 10 - SHORT-TERM BORROWINGS

Short-term borrowings consist of securities sold under agreements to repurchase and primarily FHLB advances, which generally represent overnight or less than six month borrowings. In addition to the outstanding balances noted below, the Banks also have additional lines of credit totaling $90,000,000 available from correspondent banks other than the FHLB. The outstanding balances and related information for short-term borrowings are summarized as follows at December 31, 2024 and 2023:

(In Thousands)	2024	2023
Repurchase Agreements:		
Balance at year end	$ 1,934	$ 3,631
Maximum amount outstanding at any month end	4,454	5,153
Average balance outstanding during the year	2,943	4,110
Weighted-average interest rate:		
At year end	1.62 %	0.45 %
Paid during the year	1.51 %	0.57 %
Overnight:		
Balance at year end	$ 31,811	$ 92,295
Maximum amount outstanding at any month end	128,570	178,010
Average balance outstanding during the year	49,188	126,742
Weighted-average interest rate:		
At year end	5.20 %	5.68 %
Paid during the year	5.66 %	5.45 %
Short-Term:		
Balance at year end	$ 8,455	$ 50,000
Maximum amount outstanding at any month end	90,000	50,000
Average balance outstanding during the year	29,915	26,288
Weighted-average interest rate:		
At year end	4.84 %	5.62 %
Paid during the year	5.60 %	5.59 %

We utilize securities sold under agreements to repurchase to facilitate the needs of our customers and to facilitate secured short-term funding needs. Securities sold under agreements to repurchase are stated at the amount of cash received in connection with the transaction. We monitor collateral levels on a continuous basis. We may be required to provide additional collateral based on the fair value of the underlying securities. Securities pledged as collateral under repurchase agreements are maintained with our safekeeping agents. The remaining contractual maturity of repurchase agreements in the consolidated balance sheets as of December 31, 2024 and 2023 is presented in the following tables.

	2024	2023
	Remaining Contractual Maturity of the Agreements	
(In Thousands)	Overnight and Continuous	Overnight and Continuous
Repurchase Agreements:		
State and political securities	$ 5,717	$ 7,976
Other debt securities	—	—
Total carrying value of collateral pledged	$ 5,717	$ 7,976
Total liability recognized for repurchase agreements	$ 1,934	$ 3,631

NOTE 11 - LONG-TERM BORROWINGS

The following represents outstanding long-term borrowings with the FHLB by contractual maturities at December 31, 2024 and 2023:

(In Thousands)		Weighted Average Interest Rate		Stated Interest Rate Range			
Description	**Maturity**	**2024**	**2023**	**From**	**To**	**2024**	**2023**
Fixed	2024	— %	2.24 %	1.50 %	2.96 %	$ —	$ 40,000
Fixed	2025	4.12 %	3.97 %	1.14 %	5.48 %	110,384	95,000
Fixed	2026	4.44 %	4.54 %	3.93 %	5.01 %	32,569	15,000
Fixed	2027	4.30 %	4.30 %	4.05 %	4.88 %	50,000	40,000
Fixed	2028	3.94 %	3.94 %	3.76 %	4.45 %	55,000	55,000
Total Fixed		4.16 %	3.77 %			247,953	245,000
Total		4.16 %	3.77 %			$ 247,953	$ 245,000

There were a total of $6,635,000 and $7,598,000 in finance leases outstanding at December 31, 2024 and 2023, respectively.

(In Thousands) Year Ending December 31,	Amount	Weighted Average Rate
2025	$ 110,384	4.12 %
2026	32,569	4.44 %
2027	50,000	4.30 %
2028	55,000	3.94 %
	$ 247,953	4.16 %

The Banks maintain a credit arrangement which includes a revolving line of credit with the FHLB. Under this credit arrangement, at December 31, 2024, JSSB has a remaining borrowing capacity of $354,394,000 and Luzerne has a remaining capacity of $204,786,000, which are subject to annual renewal and typically incur no service charges. Under terms of a blanket agreement, collateral for the FHLB borrowings must be secured by certain qualifying assets of each Bank which consist principally of first mortgage loans and state and political securities, along with other securities. Total outstanding letters of credit at December 31, 2024 with the FHLB for JSSB are $100,000 while Luzerne has $0 outstanding.

NOTE 12 - INCOME TAXES

The following temporary differences gave rise to the net deferred tax asset position at December 31, 2024 and 2023:

(In Thousands)	2024	2023
Deferred tax assets:		
Allowance for loan losses	$ 2,604	$ 2,685
Deferred compensation	1,893	1,838
Lease liability	2,140	2,317
Fair value adjustment on equity securities	40	37
Unrealized loss on available for sale securities	1,214	1,700
Non-qualified Stock Options	827	668
Capital loss carryforward	374	380
Other	147	174
Total	9,239	9,799
Deferred tax liabilities:		
Lease right of use asset	1,888	2,090
Defined pension	2,030	1,359
Investment security accretion	474	311
Deferred loan fees and discounts	200	218
Depreciation	357	356
Amortization	423	430
Valuation allowance	374	380
Total	5,746	5,144
Deferred tax asset, net	$ 3,493	$ 4,655

A valuation allowance was established on the $1,003,000 of capital loss carryforwards in 2021. The valuation allowance was increased by $807,000 to a total of $1,810,000 due to additional capital losses resulting when the Corporation's federal tax return was filed in October of 2022. There were no other valuation allowances established at December 31, 2024, because of the Corporation's ability to carry back losses to recover taxes paid in previous years and certain tax strategies, together with the anticipated future taxable income as evidenced by the Corporation's earning potential. The Corporation is no longer subject to federal, state, and local examinations by tax authorities for years before 2021.

The provision or benefit for income taxes is comprised of the following for the year ended December 31, 2024, 2023, and 2022:

(In Thousands)	2024	2023	2022
Currently payable	$ 4,017	$ 2,779	$ 4,671
Deferred expense (benefit)	137	935	(508)
Total provision	$ 4,154	$ 3,714	$ 4,163

A reconciliation between the expected income tax or benefit and the effective income tax rate on income before income tax provision or benefit follows for the year ended December 31, 2024, 2023, and 2022:

	2024		2023		2022	
(In Thousands)	Amount	%	Amount	%	Amount	%
Provision at expected rate	$ 4,598	21.00 %	$ 4,268	21.00 %	$ 4,532	21.00 %
(Decrease) increase in tax resulting from:						
Tax-exempt income	(510)	(2.33)	(548)	(2.70)	(516)	(2.39)
Other, net	66	0.30	(6)	(0.03)	147	0.68
Effective income tax provision and rate	$ 4,154	18.97 %	$ 3,714	18.27 %	$ 4,163	19.29 %

NOTE 13 - EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

The Corporation has a noncontributory defined benefit pension plan (the "Plan") for all employees meeting certain age and length of service requirements that were hired prior to January 1, 2004, at which time entrance into the Plan was frozen. The benefit accrual for the Plan was subsequently frozen at December 31, 2014. Benefits are based primarily on years of service and the average annual compensation during the highest five consecutive years within the final ten years of employment, until December 31, 2014 when the benefit accrual was frozen.

The following table sets forth the obligation and funded status as of December 31, 2024 and 2023:

(In Thousands)	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 16,858	$ 16,544
Interest cost	773	792
Actuarial loss	102	113
Benefits paid	(955)	(916)
Change in actuarial assumptions	(993)	325
Benefit obligation at end of year	$ 15,785	$ 16,858
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 23,329	$ 20,894
Actual return on plan assets	3,079	3,351
Benefits paid	(955)	(916)
Adjustment to fair value of plan assets	(1)	—
Fair value of plan assets at end of year	25,452	23,329
Funded status	$ 9,667	$ 6,471
Accounts recognized on balance sheet as:		
Total assets	$ 9,667	$ 6,471
Amounts not yet recognized as a component of net periodic pension cost:		
Amounts recognized in accumulated other comprehensive income (loss) consist of:		
Net loss	$ 916	$ 3,486

The accumulated benefit obligation for the Plan was $15,785,000 and $16,858,000 at December 31, 2024 and 2023, respectively.

Components of Net Periodic Cost and Other Amounts Recognized in Other Comprehensive Income (Loss) as of December 31, 2024, 2023, and 2022 are as follows:

(In Thousands)	2024	2023	2022
Net periodic pension cost:			
Interest cost	$ 773	$ 792	$ 553
Expected return on plan assets	(1,460)	(1,306)	(1,652)
Amortization of unrecognized net loss	60	148	69
Net periodic (benefit) cost	$ (627)	$ (366)	$ (1,030)

Assumptions

Weighted-average assumptions used to determine benefit obligations at December 31, 2024, 2023, and 2022:

	2024	2023	2022
Discount rate	5.39 %	4.73 %	4.93 %

Weighted-average assumptions used to determine net periodic cost for years ended December 31, 2024, 2023, and 2022:

	2024	2023	2022
Discount rate	4.73 %	4.93 %	2.61 %
Expected long-term return on plan assets	7.00 %	7.00 %	7.00 %

The expected long-term rate of return was estimated using market benchmarks by which the plan assets would outperform the market value in the future, based on historical experience adjusted for changes in asset allocation and expectations for overall lower future returns on similar investments compared to past periods.

Plan Assets

The Plan's weighted-average asset allocations at December 31, 2024 and 2023 by asset category are as follows:

Asset Category	2024	2023
Cash	2.29 %	3.91 %
Fixed income securities	12.90 %	14.34 %
Equity	74.68 %	70.96 %
Inflation Hedges/Real Assets	5.01 %	5.38 %
Hedged Strategies	5.12 %	5.41 %
Total	100.00 %	100.00 %

The investment objective for the Plan is to maximize total return with tolerance for slightly above average risk, meaning the fund is able to tolerate short-term volatility to achieve above-average returns over the long term.

Asset allocation favors equities, with target allocation of approximately 62% equity securities, 15.0% fixed income securities, 10% inflation hedges/real assets, 10% hedged strategies, and 3% cash. Due to volatility in the market, the target allocation is not always desirable and asset allocations will fluctuate between the acceptable ranges. The equity portfolio's exposure is primarily in mid and large capitalization domestic equities with limited exposure to small capitalization and international stocks.

It is management's intent to give the investment managers flexibility, within the overall guidelines, with respect to investment decisions and their timing. However, certain investments require specific review and approval by management. Management is also informed of anticipated, significant modifications of any previously approved investment, or anticipated use of derivatives to execute investment strategies.

The following table sets forth by level, within the fair value hierarchy detailed in Note 20 - Fair Value Measurements, the Plan's assets at fair value as of December 31, 2024 and 2023:

	2024			
(In Thousands)	**Level I**	**Level II**	**Level III**	**Total**
Assets:				
Cash and cash equivalents	$ 598	$ —	$ —	$ 598
Mutual funds - taxable fixed income	3,281	—	—	3,281
Mutual funds - domestic equity	14,012	—	—	14,012
Mutual funds - international equity	4,985	—	—	4,985
Inflation Hedges/Real Assets	1,274	—	—	1,274
Hedged Strategies	1,302	—	—	1,302
Total assets at fair value	$ 25,452	$ —	$ —	$ 25,452

	2023			
(In Thousands)	**Level I**	**Level II**	**Level III**	**Total**
Assets:				
Cash and cash equivalents	$ 913	$ —	$ —	$ 913
Mutual funds - taxable fixed income	3,346	—	—	3,346
Mutual funds - domestic equity	11,606	—	—	11,606
Mutual funds - international equity	4,947	—	—	4,947
Inflation Hedges/Real Assets	1,255	—	—	1,255
Hedged Strategies	1,262	—	—	1,262
Total assets at fair value	$ 23,329	$ —	$ —	$ 23,329

The following future benefit payments are expected to be paid:

(In Thousands)	
2025	$ 1,192
2026	1,218
2027	1,232
2028	1,244
2029	1,262
2030-2034	6,012
	$ 12,160

The Corporation does not expect to contribute to its Pension Plan in 2025.

401(k) Savings Plan

The Corporation also offers a 401(k) savings plan in which eligible participating employees may elect to contribute up to a maximum percentage allowable not to exceed the limits of Code Sections 401(k), 404, and 415. The Corporation may make matching contributions equal to a discretionary percentage that is determined by the Board of Directors. Participants are at all times fully vested in their contributions and vest over a period of five years regarding the employer contribution. Contribution expense was approximately $611,000, $540,000, and $548,000 for the years ended December 31, 2024, 2023, and 2022, respectively.

Deferred Compensation Plan

The Corporation has a deferred compensation plan whereby participating directors elect to forego directors' fees paid in cash. Under this plan, the Corporation will make payments for a ten-year period beginning at the later of age 65 or ceasing to be a director in most cases or at death, if earlier, at which time payments would be made to their designated beneficiaries.

To fund benefits under the deferred compensation plan, the Corporation has acquired bank-owned life insurance policies on the lives of the participating directors for which insurance benefits are payable to the Corporation. The Corporation incurred expenses related to the plan of $656,000, $656,000, and $588,000 for the years ended December 31, 2024, 2023, and 2022, respectively. Benefits paid under the plan were approximately $554,000, $545,000, and $267,000 in 2024, 2023, and 2022, respectively.

NOTE 14 - STOCK OPTIONS

In 2020, the Corporation adopted the 2020 Equity Incentive Plan which replaced the 2014 Equity Incentive Plan. The Equity Incentive Plans are designed to help the Corporation attract, retain, and motivate employees and non-employee directors. Incentive stock options, non-qualified stock options, and restricted stock may be granted as part of the plan.

A summary of stock option activity for the year ended December 31, 2024 is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2023	1,000,000	$ 25.55	6.92	$ —
Granted	97,000	20.85	9.04	
Exercised	(6,700)	25.49		
Expired	(3,000)	28.01		
Outstanding at December 31, 2024	1,087,300	$ 25.12	6.21	$ 5,724,852
Options exercisable at December 31, 2024	470,100	$ 26.11	5.11	$ 2,012,028

On December 31, 2024, a total of 1,087,300 options were outstanding. Outstanding options at December 31, 2024 and the related vesting schedules are summarized below:

Stock Options Granted							
Date	Shares	Forfeited	Settlement	Outstanding	Strike Price	Vesting Period	Expiration
January 17, 2024	64,700	—	—	64,700	$ 20.85	3 years	10 years
January 17, 2024	32,300	—	—	32,300	20.85	5 years	10 years
January 20, 2023	59,500	—	—	59,500	27.77	3 years	10 years
January 20, 2023	29,500	—	—	29,500	27.77	5 years	10 years
January 18, 2022	156,000	—	—	156,000	24.10	3 years	10 years
January 18, 2022	78,000	—	—	78,000	24.10	5 years	10 years
April 9, 2021	156,500	—	(2,700)	153,800	24.23	3 years	10 years
April 9, 2021	78,000	—	—	78,000	24.23	5 years	10 years
March 11, 2020	119,300	—	(2,500)	116,800	25.34	3 years	10 years
March 11, 2020	119,200	—	—	119,200	25.34	5 years	10 years
March 15, 2019	120,900	(21,300)	(750)	98,850	28.01	3 years	10 years
March 15, 2019	119,100	(20,700)	(750)	97,650	28.01	5 years	10 years
August 27, 2015	58,125	(26,250)	(28,875)	3,000	28.02	5 years	10 years

The fair value of stock options is estimated using the Black-Scholes option pricing model. The following is a summary of the assumptions used in this model for the stock options granted during 2024, 2023, and 2022:

	2024	2023	2022
Risk-free interest rate	3.87 %	3.76 %	1.23 %
Expected volatility	32.00 %	31.42 %	33.50 %
Expected annual dividend	$ 1.28	$ 1.28	$ 1.28
Expected life	6.83 years	6.51 years	6.84 years
Weighted average grant date fair value per option	$ 3.73	$ 6.11	$ 4.28

The estimated fair value of options, including the effect of estimated forfeitures, is recognized as expense on a straight line basis over the options' vesting periods while ensuring that the cumulative amount of compensation cost recognized at least equals the value of the vested portion of the award at that date. The Corporation determines the fair value of options granted using the Black-Scholes option-pricing model. The risk-free interest rate is based on the United States Treasury bond with a similar term to the expected life of the options at the grant date. Expected volatility was estimated based on the adjusted historic volatility of the Corporation's shares. The expected life was estimated to equal the contractual life of the options. The dividend yield rate was based upon recent historical dividends paid on shares.

For the years ended December 31, 2024, 2023, and 2022 there was $770,000, $951,000, and $1,231,000 in total share-based compensation expense, respectively. There was additional compensation expense of $183,000 (after-tax $145,000) associated with the voluntary cash settlement of 346,725 outstanding stock options that occurred in June of 2022. The compensation expense is recorded as part of the non-interest expenses in the Consolidated Statement of Income.

Exercisable stock awards at December 31, 2024 were 470,100 with a weighted average remaining exercisable contractual life of 5.11 years.

NOTE 15 - EMPLOYEE STOCK PURCHASE PLAN

The Corporation maintains the Penns Woods Bancorp, Inc. Employee Stock Purchase Plan ("Plan"). The Plan is intended to encourage employee participation in the ownership and economic progress of the Corporation. The Plan allows for up to 1,500,000 shares to be purchased by employees. The purchase price of the shares is 95% of fair value with an employee eligible to purchase up to the lesser of 15% of base compensation or $25,000 in 2024 and $12,000 in 2023 and 2022 in fair value annually. There were 6,299, 3,894 and 3,617 shares issued under the plan for the years ended December 31, 2024, 2023 and 2022 respectively.

NOTE 16 - RELATED PARTY TRANSACTIONS

Certain directors and executive officers of the Corporation and the Banks, including their immediate families and companies in which they are principal owners (more than ten percent), are indebted to the Corporation. Such indebtedness was incurred in the ordinary course of business on the same terms and at those rates prevailing at the time for comparable transactions with others.

A summary of loan activity with executive officers, directors, principal shareholders, and associates of such persons is listed below for the years ended December 31, 2024 and 2023:

(In Thousands)	Beginning Balance	New Loans	Other	Repayments	Ending Balance
2023	$ 11,545	2,484	—	(5,850)	$ 8,179
2024	8,179	4,699	(59)	(3,950)	8,869

Loan balances that are no longer considered part of a related party relationship are shown as other activity.

Deposits from related parties held by the Banks amounted to $27,122,000 at December 31, 2024 and $21,290,000 at December 31, 2023.

NOTE 17 - OFF-BALANCE SHEET RISK

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit, interest rate, or liquidity risk in excess of the amount recognized in the Consolidated Balance Sheet. The contract amounts of these instruments express the extent of involvement the Corporation has in particular classes of financial instruments.

The Corporation's exposure to credit loss from nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. The Corporation may require collateral or other security to support financial instruments with off-balance sheet credit risk.

Financial instruments whose contract amounts represent credit risk are as follows at December 31, 2024 and 2023:

(In Thousands)	2024	2023
Commitments to extend credit	$ 887,788	$ 855,171
Funded commitments to extend credit	487,074	469,684
Remaining unfunded commitments to extend credit	400,714	385,487
Standby letters of credit	9,977	13,969
Credit exposure from the sale of assets with recourse	7,305	6,995
Total unfunded credit exposure	$ 417,996	$ 406,451
Allowance for credit losses	$ 551	$ 1,342
Commitment to extend credit funded rate	54.9 %	54.9 %
Historic commitment to extend credit funded rate	56.3 %	51.6 %

Commitments to extend credit are legally binding agreements to lend to customers. Commitments generally have fixed expiration dates or other termination clauses and may require payment of fees. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future liquidity requirements. The Corporation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation, on an extension of credit is based on management's credit assessment of the counterparty.

Standby letters of credit represent conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. These instruments are issued primarily to support bid or performance related contracts. The coverage period for these instruments is typically a one year period with an annual renewal option subject to prior approval by management. Fees earned from the issuance of these letters are recognized upon expiration of the coverage period. For secured letters of credit, the collateral is typically Bank deposit instruments or customer business assets.

NOTE 18 - CAPITAL REQUIREMENTS

Federal regulations require the Corporation and the Banks to maintain minimum amounts of capital. Specifically, each is required to maintain certain minimum dollar amounts and ratios of Common Equity Tier 1, Total, and Tier 1 capital to risk-weighted assets and of Tier 1 capital to average total assets.

In addition to the capital requirements, the Federal Deposit Insurance Corporation Improvement Act ("FDICIA") established five capital categories ranging from "well capitalized" to "critically undercapitalized." Should any institution fail to meet the requirements to be considered "adequately capitalized," it would become subject to a series of increasingly restrictive regulatory actions.

As of December 31, 2024 and 2023, the FDIC categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. To be classified as a well capitalized financial institution, common equity tier I risk-based, tier I risked-based, total risk-based, and tier I leverage capital ratios must be at least 6.5%, 8%, 10%, and 5%, respectively.

We expect to continue to emphasize growth in our commercial and consumer loan portfolios, and additional regulatory capital generated through retained earnings and other sources will be necessary to support any such continued growth. At December 31, 2024, each of the Banks were "well capitalized" as defined by applicable bank regulatory standards. Applicable regulatory capital requirements also require each Bank to maintain a "capital conservation buffer," consisting solely of tier 1 common equity, of 2.5% above the regulatory minimum capital requirements for each of the tier 1 common equity ("CET1"), tier 1 ("Tier 1"), and total capital ("Total Capital") ratios. As a result of the capital conservation buffer requirements, if a bank does not maintain CET1, Tier 1 and Total Capital ratios of at least 7%, 8.5%, and 10.5%, respectively, determined as of the end of each calendar quarter, the bank's ability to make certain discretionary payments, including discretionary dividend payments, are subject to a maximum payout ratio limitation unless the FDIC approves the distribution or payment. At December 31, 2024, each of Banks exceeded the capital conservation buffer requirements for applicable capital ratios.

The Corporation's and the Banks' actual capital ratios (using the definitions from the prompt corrective action rules) are presented in the following tables, which shows that the Corporation and both Banks met all regulatory capital requirements.

Consolidated Corporation

	2024		2023	
(In Thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**
Common Equity Tier I Capital (to Risk-weighted Assets)				
Actual	$ 194,466	10.429 %	$ 184,546	10.098 %
For Capital Adequacy Purposes	83,910	4.500 %	82,240	4.500 %
Minimum To Maintain Capital Conservation Buffer	130,527	7.000 %	127,929	7.000 %
To Be Well Capitalized	121,203	6.500 %	118,791	6.500 %
Total Capital (to Risk-weighted Assets)				
Actual	$ 206,865	11.094 %	$ 197,334	10.798 %
For Capital Adequacy Purposes	149,173	8.000 %	146,200	8.000 %
Minimum To Maintain Capital Conservation Buffer	195,789	10.500 %	191,888	10.500 %
To Be Well Capitalized	186,466	10.000 %	182,751	10.000 %
Tier I Capital (to Risk-weighted Assets)				
Actual	$ 194,466	10.429 %	$ 184,546	10.098 %
For Capital Adequacy Purposes	111,880	6.000 %	109,653	6.000 %
Minimum To Maintain Capital Conservation Buffer	158,497	8.500 %	155,342	8.500 %
To Be Well Capitalized	149,173	8.000 %	146,204	8.000 %
Tier I Capital (to Average Assets)				
Actual	$ 194,466	8.775 %	$ 184,546	8.597 %
For Capital Adequacy Purposes	88,645	4.000 %	85,865	4.000 %
To Be Well Capitalized	110,807	5.000 %	107,332	5.000 %

Jersey Shore State Bank

(In Thousands)	2024 Amount	2024 Ratio	2023 Amount	2023 Ratio
Common Equity Tier I Capital (to Risk-weighted Assets)				
Actual	$ 137,102	10.100 %	$ 131,356	9.890 %
For Capital Adequacy Purposes	61,085	4.500 %	59,768	4.500 %
Minimum To Maintain Capital Conservation Buffer	95,021	7.000 %	92,972	7.000 %
To Be Well Capitalized	88,234	6.500 %	86,331	6.500 %
Total Capital (to Risk-weighted Assets)				
Actual	$ 147,327	10.853 %	$ 142,134	10.701 %
For Capital Adequacy Purposes	108,598	8.000 %	106,258	8.000 %
Minimum To Maintain Capital Conservation Buffer	142,535	10.500 %	139,464	10.500 %
To Be Well Capitalized	135,748	10.000 %	132,823	10.000 %
Tier I Capital (to Risk-weighted Assets)				
Actual	$ 137,102	10.100 %	$ 131,356	9.890 %
For Capital Adequacy Purposes	81,447	6.000 %	79,690	6.000 %
Minimum To Maintain Capital Conservation Buffer	115,383	8.500 %	112,894	8.500 %
To Be Well Capitalized	108,596	8.000 %	106,254	8.000 %
Tier I Capital (to Average Assets)				
Actual	$ 137,102	8.571 %	$ 131,356	8.344 %
For Capital Adequacy Purposes	63,984	4.000 %	62,970	4.000 %
To Be Well Capitalized	79,980	5.000 %	78,713	5.000 %

Luzerne Bank

(In Thousands)	2024 Amount	2024 Ratio	2023 Amount	2023 Ratio
Common Equity Tier I Capital (to Risk-weighted Assets)				
Actual	$ 55,651	10.735 %	$ 51,974	10.288 %
For Capital Adequacy Purposes	23,328	4.500 %	22,734	4.500 %
Minimum To Maintain Capital Conservation Buffer	36,288	7.000 %	35,363	7.000 %
To Be Well Capitalized	33,696	6.500 %	32,837	6.500 %
Total Capital (to Risk-weighted Assets)				
Actual	$ 57,825	11.155 %	$ 53,984	10.686 %
For Capital Adequacy Purposes	41,470	8.000 %	40,415	8.000 %
Minimum To Maintain Capital Conservation Buffer	54,430	10.500 %	53,044	10.500 %
To Be Well Capitalized	51,838	10.000 %	50,518	10.000 %
Tier I Capital (to Risk-weighted Assets)				
Actual	$ 55,651	10.735 %	$ 51,974	10.288 %
For Capital Adequacy Purposes	31,104	6.000 %	30,311	6.000 %
Minimum To Maintain Capital Conservation Buffer	44,065	8.500 %	42,941	8.500 %
To Be Well Capitalized	41,473	8.000 %	40,415	8.000 %
Tier I Capital (to Average Assets)				
Actual	$ 55,651	8.020 %	$ 51,974	8.316 %
For Capital Adequacy Purposes	27,756	4.000 %	25,000	4.000 %
To Be Well Capitalized	34,695	5.000 %	31,249	5.000 %

During the twelve months ended December 31, 2023, the Company sold 420,069 shares of common stock in a registered at-the-market offering pursuant to the terms of an equity distribution agreement, dated September 13, 2023 (the “Distribution Agreement”), between D.A. Davidson & Co. (the “Distribution Agent”) and the Company. Under the terms of the Distribution Agreement, the Company paid the Distribution Agent a fee in the amount of 2.75% of the gross proceeds from the sale of such shares, and realized net proceeds of $8,291,000 from the sales of shares under the Distribution Agreement for the year ended December 31, 2023. There were no shares sold under the registered at-the-market offering during the twelve months ended December 31, 2024.

NOTE 19 - REGULATORY RESTRICTIONS

The Pennsylvania Banking Code restricts the availability of capital funds for payment of dividends by all state-chartered banks. Accordingly, at December 31, 2024, the balance in the additional paid in capital account totaling $16,107,000 for JSSB and $44,104,000 for Luzerne is unavailable for dividends.

The Banks are subject to regulatory restrictions, which limit the ability to loan funds to Penns Woods Bancorp, Inc. At December 31, 2024, the regulatory lending limit amounted to approximately $27,500,000.

Cash and Due from Banks

JSSB and Luzerne had no reserve requirements by the district Federal Reserve Bank at December 31, 2024 or 2023; however, if they did they would be reported with cash and due from banks. The required reserves are computed by applying prescribed ratios to the classes of average deposit balances. These are held in the form of cash on hand and a balance maintained directly with the Federal Reserve Bank.

NOTE 20 - FAIR VALUE MEASUREMENTS

The following disclosures show the hierarchical disclosure framework associated with the level of pricing observations utilized in measuring assets and liabilities at fair value. The three broad levels of pricing observations are as follows:

Level I:	Quoted prices are available in active markets for identical assets or liabilities as of the reported date.
Level II:	Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.
Level III:	Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

The following table presents the assets reported on the balance sheet at their fair value on a recurring basis as of December 31, 2024 and 2023, by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	2024			
(In Thousands)	**Level I**	**Level II**	**Level III**	**Total**
Assets measured on a recurring basis:				
Investment securities, available for sale:				
U.S. Government and agency securities	$ —	$ 1,960	$ —	$ 1,960
Mortgage-backed securities	—	38,357	—	38,357
State and political securities	—	100,624	—	100,624
Other debt securities	—	43,601	—	43,601
Investment equity securities:				
Other equity securities	1,111	—	—	1,111

(In Thousands)	2023 Level I	Level II	Level III	Total
Assets measured on a recurring basis:				
Investment securities, available for sale:				
U.S. Government and agency securities	$ —	$ 3,943	$ —	$ 3,943
Mortgage-backed securities	—	15,355	—	15,355
State and political securities	—	115,615	—	115,615
Other debt securities	—	56,032	—	56,032
Investment equity securities:				
Other equity securities	1,122	—	—	1,122

The following table presents the assets reported on the balance sheet at their fair value on a non-recurring basis as of December 31, 2024 and 2023, by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

(In Thousands)	2024 Level I	Level II	Level III	Total
Assets measured on a non-recurring basis:				
Collateral-dependent loans	$ —	$ —	$ 4,925	$ 4,925
Other real estate owned	—	—	178	178

(In Thousands)	2023 Level I	Level II	Level III	Total
Assets measured on a non-recurring basis:				
Collateral-dependent loans	$ —	$ —	$ 1,621	$ 1,621
Other real estate owned	—	—	853	853

The following table provides a listing of significant unobservable inputs used in the fair value measurement process for items valued utilizing level III techniques as of December 31, 2024 and 2023:

	2024 Quantitative Information About Level III Fair Value Measurements				
(In Thousands)	Fair Value	Valuation Technique(s)	Unobservable Inputs	Range	Weighted Average
Collateral-dependent loans	$ 4,925	Appraisal of collateral (1)	Appraisal of collateral (1)	(5)% to (24)%	(11)%
Other real estate owned	$ 178	Appraisal of collateral (1)	Appraisal of collateral (1)	(20)%	(20)%

	2023 Quantitative Information About Level III Fair Value Measurements				
(In Thousands)	Fair Value	Valuation Technique(s)	Unobservable Inputs	Range	Weighted Average
Collateral-dependent loans	$ 1,621	Appraisal of collateral (1)	Appraisal of collateral (1)	(5)% to (24)%	(31)%
Other real estate owned	$ 853	Appraisal of collateral (1)	Appraisal of collateral (1)	(20)%	(20)%

(1) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses.

The significant unobservable inputs used in the fair value measurement of the Corporation's collateral-dependent loans using the discounted cash flow valuation technique include temporary changes in payment amounts and the probability of default. Significant increases (decreases) in payment amounts would result in significantly higher (lower) fair value measurements. The probability of default is 0% for collateral-dependent loans using the discounted cash flow valuation technique because all defaulted collateral-dependent loans are valued using the appraisal of collateral valuation technique.

The significant unobservable input used in the fair value measurement of the Corporation's collateral-dependent loans using the appraisal of collateral valuation technique include appraisal adjustments, which are adjustments to appraisals by management for qualitative factors such as economic conditions and estimated liquidation expenses. The significant unobservable input used in the fair value measurement of the Corporation's other real estate owned are the same inputs used to value collateral-dependent loans using the appraisal of collateral valuation technique.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation is required to disclose fair values for its financial instruments. Fair values are made at a specific point in time, based on relevant market information and information about the financial instrument. These fair values do not reflect any premium or discount that could result from offering for sale at one time the Corporation's entire holdings of a particular financial instrument. Also, it is the Corporation's general practice and intention to hold most of its financial instruments to maturity and not to engage in trading or sales activities. Because no market exists for a significant portion of the Corporation's financial instruments, fair values are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These fair values are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions can significantly affect the fair values. The carrying amounts for cash and cash equivalents, restricted investments in bank stock, bank-owned life insurance, non-time deposits, accrued interest receivable and payable approximate fair value and are considered Level I measurements.

Fair values have been determined by the Corporation using historical data and an estimation methodology suitable for each category of financial instruments. The Corporation's fair values, methods, and assumptions are set forth below for the Corporation's other financial instruments.

As certain assets and liabilities, such as deferred tax assets, premises and equipment, and many other operational elements of the Corporation, are not considered financial instruments but have value, the fair value of financial instruments would not represent the full fair value of the Corporation.

The fair values of the Corporation's financial instruments not required to be measured or reported at fair value are as follows at December 31, 2024 and 2023:

			Fair Value Measurements at December 31, 2024		
(In Thousands)	**Carrying Value**	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level I)**	**Significant Other Observable Inputs (Level II)**	**Significant Unobservable Inputs (Level III)**
Financial assets:					
Loans held for sale	$ 3,266	$ 3,266	$ 3,266	$ —	$ —
Loans, net	1,865,230	1,869,035	—	—	1,869,035
Financial liabilities:					
Time deposits	$ 519,141	$ 518,232	$ —	$ —	$ 518,232
Short-term borrowings	42,200	42,200	42,200	—	—
Long-term borrowings	254,588	254,113	—	—	254,113

			Fair Value Measurements at December 31, 2023		
(In Thousands)	**Carrying Value**	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level I)**	**Significant Other Observable Inputs (Level II)**	**Significant Unobservable Inputs (Level III)**
Financial assets:					
Loans held for sale	$ 3,993	$ 3,993	$ 3,993	$ —	$ —
Loans, net	1,828,318	1,806,044	—	—	1,806,044
Financial liabilities:					
Time deposits	$ 384,792	$ 382,139	$ —	$ —	$ 382,139
Short-term borrowings	145,926	145,926	145,926	—	—
Long-term borrowings	252,598	251,570	—	—	251,570

NOTE 22 - REVENUE RECOGNITION

On January 1, 2018, the Corporation adopted ASU No. 2014-09 “Revenue from Contracts with Customers” (Topic 606) and all subsequent ASUs that modified Topic 606 using the modified retrospective method, and applied the guidance to all contracts in scope that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts were not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

The core principle of Topic 606, *Revenue from Contracts with Customers*, is that an entity recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. Topic 606 requires entities to exercise more judgment when considering the terms of a contract than under Topic 605, *Revenue Recognition*. Topic 606 applies to all contracts with customers to provide goods or services in the ordinary course of business, except for contracts that are specifically excluded from its scope.

Topic 606 does not apply to revenue associated with interest income on financial instruments, including loans and securities. Additionally, certain noninterest income streams such as certain credit and debit card fees, income from bank owned life insurance, and gain and losses on sales of loans, equity, lending, and investment securities are out of scope of Topic 606.

Topic 606 is applicable to noninterest revenue streams such as service charges on deposit accounts, merchant income, wire transfer income, check cashing fees, check printing fees, safe deposit box rental fees, life insurance, broker fee's, and brokerage commissions. These revenue streams are largely transactional based and revenue is recognized upon completion of transaction.

Principal versus Agent Considerations

When more than one party is involved in providing goods or services to a customer, Topic 606 requires the Corporation to determine whether it is the principal or an agent in these transactions by evaluating the nature of its promise to the customer. An entity is a principal and therefore records revenue on a gross basis if it controls a promised good or service before transferring that good or service to the customer. An entity is an agent and records as revenue the net amount it retains for its agency services if its role is to arrange for another entity to provide the goods or services. The Corporation most commonly acts as a principal and records revenue on a gross basis, except in certain circumstances. As an example, revenues earned from interchange fees, in which the Corporation acts as an agent, are recorded as non-interest income, net of the related expenses paid to the principal. Brokerage and insurance commissions are recognized when The M Group's services to the broker dealer and investment representative are complete.

Debit Card Fees

Interchange fees are one source of debit and credit card income that is comprised of an amount merchants pay card-issuing banks for the processing of their electronic transactions as a form of payment. ATM service charges, check card usage, and POS debit card transactions generate interchange and debit card income. Per Topic 606 interchange and debit card transaction fees are reported net of related network costs. See Note 1 - Recent Accounting Pronouncements. Prior to the adoption of Topic 606, non-interest expense included network costs. Interchange and debit card transaction fees at December 31, 2024, 2023, and 2022 are reported on a net basis of $1,437,000 $1,328,000, and $1,464,000, respectively. The below table compares gross interchange and debit card transaction fees net network costs for 2024, 2023, and 2022:

(In Thousands)	**2024**	**2023**	**2022**
Debit card transaction fees	$ 2,691	$ 2,573	$ 2,539
Other processing service fees	344	366	357
Gross interchange and card based transaction fees	3,035	2,939	2,896
Network costs	1,598	1,611	1,432
Net interchange and card based transaction fees	$ 1,437	$ 1,328	$ 1,464

NOTE 23 - LEASES

The following table shows finance lease right of use assets and finance lease liabilities as of December 31, 2024:

(In Thousands)	Statement of Financial Condition classification	December 31, 2024	December 31, 2023
Finance lease right of use assets	Premises and equipment, net	$ 5,516	$ 6,576
Finance lease liabilities	Long-term borrowings	6,635	7,598

The following table shows the components of finance and operating lease expense for the year ended December 31, 2024.

(In Thousands)	2024	2023	2022
Finance Lease Cost:			
Amortization of right-of-use asset	$ 402	$ 429	$ 429
Interest expense	216	241	244
Operating lease cost	319	287	285
Total Lease Cost	$ 937	$ 957	$ 958

A maturity analysis of operating and finance lease liabilities and reconciliation of the undiscounted cash flows to the total operating lease liability is as follows:

(In Thousands)	Operating	Finance
2025	$ 310	$ 880
2026	314	337
2027	313	337
2028	313	337
2029	215	341
2030 and thereafter	2,558	7,315
Total undiscounted cash flows	4,023	9,547
Discount on cash flows	(1,134)	(2,912)
Total lease liability	$ 2,889	$ 6,635

The following table shows the weighted average remaining lease term and weighted average discount rate for both operating and finance leases outstanding as of December 31, 2024.

	Operating	Finance
Weighted-average term (years)	16.34	22.14
Weighted-average discount rate	4.24 %	3.19 %

NOTE 24 - SEGMENT REPORTING

The corporation has two reportable segments being Jersey Shore State Bank and Luzerne Bank. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Both segments offer similar products and services to similar types and classes of customers and utilize similar service delivery methods.

Both segments operate as commercial banks serving customer within differing regions of Pennsylvania. Both segments include commercial and consumer banking services. Commercial banking services include offering a range of lending and cash management products to corporations and other business clients. While consumer offerings include direct lending and depository services for individuals.

The chief operation decision maker ("CODM") uses segment profit and loss from operations to allocate resources for each segment. The CODM considers budget-to-actual variances along with year over year performance when making decisions about allocation of capital and personnel to the segments. The CODM uses current observed market rates to determine changes in product and services pricing. The corporations CODM is the chief executive officer.

The following tables presents information about the reporting segments revenue, measures of a segment's profit or loss, significant segment expenses, and a measure of a segment's assets for December 31, 2024 and 2023:

(In Thousands)	Jersey Shore	Luzerne	Non-Banks & Eliminations	Consolidated
2024				
INTEREST AND DIVIDEND INCOME:				
Loans, including fees	$ 70,187	$ 29,593	$ —	$ 99,780
Investment securities:				
Taxable	5,402	1,637	—	7,039
Tax-exempt	219	73	—	292
Dividend and other interest income	1,968	3,708	(3,089)	2,587
TOTAL INTEREST AND DIVIDEND INCOME	77,776	35,011	(3,089)	109,698
INTEREST EXPENSE:				
Deposits	25,064	10,898	—	35,962
Short-term borrowings	5,963	1,629	(3,089)	4,503
Long-term borrowings	8,939	1,414	—	10,353
TOTAL INTEREST EXPENSE	39,966	13,941	(3,089)	50,818
				—
NET INTEREST INCOME	37,810	21,070	—	58,880
Provision for loan credit losses	93	849	—	942
Recovery for off balance sheet credit exposures	(725)	(96)	—	(821)
TOTAL PROVISION (RECOVERY) FOR CREDIT LOSSES	(632)	753	—	121
NET INTEREST INCOME AFTER PROVISION (RECOVERY) FOR CREDIT LOSSES	38,442	20,317	—	58,759
NON-INTEREST INCOME:				
Service charges	1,534	534	(1)	2,067
Net debt securities (losses) gains, available for sale	(51)	2	—	(49)
Net equity securities losses	(6)	(4)	(1)	(11)
Bank-owned life insurance	843	317	(1)	1,159
Gain on sale of loans	670	814	—	1,484
Insurance commissions	324	13	216	553
Brokerage commissions	3	3	678	684
Loan broker income	1,384	—	—	1,384
Debit card income	1,100	337	—	1,437
Other	482	51	377	910
TOTAL NON-INTEREST INCOME	6,283	2,067	1,268	9,618
NON-INTEREST EXPENSE:				
Salaries and employee benefits	17,567	7,242	1,447	26,256
Occupancy	2,321	904	(73)	3,152
Furniture and equipment	2,587	1,068	14	3,669
Software amortization	709	280	7	996
Pennsylvania shares tax	1,019	354	—	1,373
Professional fees	541	829	807	2,177
Federal Deposit Insurance Corporation deposit insurance	1,101	463	—	1,564
Marketing	150	87	46	283
Intangible amortization	—	—	103	103
Merger expense	—	—	735	735
Other	3,876	1,678	622	6,176
TOTAL NON-INTEREST EXPENSE	29,871	12,905	3,708	46,484
INCOME BEFORE INCOME TAX PROVISION	14,854	9,479	(2,440)	21,893
INCOME TAX PROVISION	2,614	1,898	(358)	4,154
NET INCOME	$ 12,240	$ 7,581	$ (2,082)	$ 17,739
Average assets	$ 1,584,655	$ 690,150	$ (49,488)	$ 2,225,317

(In Thousands)	Jersey Shore	Luzerne	Non-Banks & Eliminations	Consolidated
2023				
INTEREST AND DIVIDEND INCOME:				
Loans, including fees	$ 58,811	$ 24,480	$ —	$ 83,291
Investment securities:				
Taxable	4,277	1,069	—	5,346
Tax-exempt	401	116	—	517
Dividend and other interest income	3,233	899	(1,691)	2,441
TOTAL INTEREST AND DIVIDEND INCOME	66,722	26,564	(1,691)	91,595
INTEREST EXPENSE:				
Deposits	17,160	4,971	—	22,131
Short-term borrowings	7,154	1,693	(446)	8,401
Long-term borrowings	5,404	695	—	6,099
TOTAL INTEREST EXPENSE	29,718	7,359	(446)	36,631
				—
NET INTEREST INCOME	37,004	19,205	(1,245)	54,964
(Recovery) provision for loan credit losses	(1,024)	97	—	(927)
Recovery for off balance sheet credit exposures	(502)	(50)	—	(552)
TOTAL PROVISION (RECOVERY) FOR CREDIT LOSSES	(1,526)	47	—	(1,479)
NET INTEREST INCOME AFTER PROVISION (RECOVERY) FOR CREDIT LOSSES	38,530	19,158	(1,245)	56,443
NON-INTEREST INCOME:				
Service charges	1,565	524	1	2,090
Net debt securities losses, available for sale	(189)	(4)	—	(193)
Net equity securities gains	7	5	3	15
Bank-owned life insurance	807	257	(1)	1,063
Gain on sale of loans	607	439	—	1,046
Insurance commissions	313	11	205	529
Brokerage commissions	3	3	569	575
Loan broker income	992	—	—	992
Debit card income	1,067	260	1	1,328
Other	664	226	40	930
TOTAL NON-INTEREST INCOME	5,836	1,721	818	8,375
NON-INTEREST EXPENSE:				
Salaries and employee benefits	16,957	6,542	1,563	25,062
Occupancy	2,260	989	(81)	3,168
Furniture and equipment	2,413	965	14	3,392
Software amortization	608	228	7	843
Pennsylvania shares tax	854	229	(1)	1,082
Professional fees	821	996	1,136	2,953
Federal Deposit Insurance Corporation deposit insurance	1,176	402	—	1,578
Marketing	355	222	107	684
Intangible amortization	—	15	102	117
Other	3,823	1,535	259	5,617
TOTAL NON-INTEREST EXPENSE	29,267	12,123	3,106	44,496
INCOME BEFORE INCOME TAX PROVISION	15,099	8,756	(3,533)	20,322
INCOME TAX PROVISION	2,451	1,742	(479)	3,714
NET INCOME	$ 12,648	$ 7,014	$ (3,054)	$ 16,608
Average assets	$ 1,526,826	$ 595,055	$ (6,980)	$ 2,114,901

(In Thousands)	Jersey Shore	Luzerne	Non-Banks & Eliminations	Consolidated
2022				
INTEREST AND DIVIDEND INCOME:				
Loans, including fees	$ 41,808	$ 16,874	$ —	$ 58,682
Investment securities:				
Taxable	2,962	672	—	3,634
Tax-exempt	684	139	—	823
Dividend and other interest income	1,261	673	(145)	1,789
TOTAL INTEREST AND DIVIDEND INCOME	46,715	18,358	(145)	64,928
INTEREST EXPENSE:				
Deposits	3,027	663	—	3,690
Short-term borrowings	1,078	83	(154)	1,007
Long-term borrowings	2,298	153	—	2,451
TOTAL INTEREST EXPENSE	6,403	899	(154)	7,148
				—
NET INTEREST INCOME	40,312	17,459	9	57,780
Provision (recovery) for loan credit losses	1,225	685	—	1,910
NET INTEREST INCOME AFTER PROVISION (RECOVERY) FOR CREDIT LOSSES	39,087	16,774	9	55,870
NON-INTEREST INCOME:				
Service charges	1,551	552	—	2,103
Net debt securities losses, available for sale	(149)	(70)	—	(219)
Net equity securities (losses) gains	(85)	(56)	(5)	(146)
Bank-owned life insurance	413	252	(1)	664
Gain on sale of loans	593	537	1	1,131
Insurance commissions	282	9	200	491
Brokerage commissions	6	8	606	620
Loan broker income	1,674	—	—	1,674
Debit card income	1,176	287	1	1,464
Other	319	166	446	931
TOTAL NON-INTEREST INCOME	5,780	1,685	1,248	8,713
NON-INTEREST EXPENSE:				
Salaries and employee benefits	16,328	5,994	1,945	24,267
Occupancy	2,158	984	(62)	3,080
Furniture and equipment	2,347	917	24	3,288
Software amortization	584	250	6	840
Pennsylvania shares tax	955	497	—	1,452
Professional fees	644	643	1,147	2,434
Federal Deposit Insurance Corporation deposit insurance	679	259	—	938
Marketing	331	224	135	690
Intangible amortization	—	52	102	154
Goodwill impairment	—	—	653	653
Other	3,046	1,446	710	5,202
TOTAL NON-INTEREST EXPENSE	27,072	11,266	4,660	42,998
INCOME BEFORE INCOME TAX PROVISION	17,795	7,193	(3,403)	21,585
INCOME TAX PROVISION	3,459	1,419	(715)	4,163
NET INCOME	$ 14,336	$ 5,774	$ (2,688)	$ 17,422
Average assets	$ 1,380,714	$ 555,924	$ 288,679	$ 2,225,317

NOTE 25 - PENDING ACQUISITION

Northwest Bancshares, Inc. (“Northwest”) and Penns Woods Bancorp, Inc. (“Penns Woods”), have entered into an Agreement and Plan of Merger dated as of December 16, 2024 (the “Merger Agreement”), which provides for the merger of Penns Woods with and into Northwest, with Northwest being the surviving entity (the “Merger”). Consummation of the Merger is subject to certain conditions, including, but not limited to, obtaining the requisite vote of the shareholders of Penns Woods and the approval of the Merger by various regulatory agencies.

Under the terms of the Merger Agreement, shareholders of Penns Woods will be entitled to receive from Northwest, after the Merger is completed, merger consideration payable in the form of Northwest common stock to be calculated as set forth in the Merger Agreement. At the effective time of the Merger, each share of Penns Woods common stock will be converted into the right to receive 2.385 shares of Northwest common stock. Holders of Northwest common stock will continue to own their existing shares of Northwest common stock. Northwest common stock is are traded on the Nasdaq Global Select Market® under the symbol “NWBI.” On December 16, 2024, the date of execution of the Merger Agreement, the closing price of Northwest common stock was $14.44 per share. On February 18, 2025, the closing price of Northwest common stock was $13.03 per share. Penns Woods common stock is traded on the Nasdaq Global Select Market® under the symbol “PWOD.” On December 16, 2024, the date of execution of the Merger Agreement, the closing price of Penns Woods common stock was $33.81 per share. On February 18, 2025, the closing price of Penns Woods common stock was $31.01 per share. The value of the Northwest common stock at the time of completion of the Merger could be greater than, less than or the same as the value of Northwest common stock on the date of this proxy statement/prospectus.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

The Corporation, under the supervision and with the participation of the Corporation’s management, including the Corporation’s Chief Executive Officer along with the Corporation’s President and Chief Financial Officer, conducted an evaluation of the effectiveness as of December 31, 2024 of the design and operation of the Corporation’s disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, the Corporation’s Chief Executive Officer along with the Corporation’s President and Chief Financial Officer concluded that the Corporation’s disclosure controls and procedures were effective as of December 31, 2024.

There have been no changes in the Corporation’s internal control over financial reporting during the fourth quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

Management’s Report on Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Corporation’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a significant deficiency (as defined in Public Company Accounting Oversight Board Auditing Standard No. 2), or a combination of significant deficiencies, that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by management or employees in the normal course of performing their assigned functions.

Management assessed the effectiveness of the Corporation’s internal control over financial reporting as of December 31, 2024. Management’s assessment did not identify any material weaknesses in the Corporation’s internal control over financial reporting.

In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework" issued by COSO in May 2013. Because there were no material weaknesses discovered, management believes that, as of December 31, 2024, the Corporation’s internal control over financial reporting was effective.

S.R. Snodgrass, P.C. (U.S. PCAOB Auditor Firm I.D.:74) an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K.

Date:	March 13, 2025	/s/ Richard A. Grafmyre	/s/ Brian L. Knepp
		Chief Executive Officer	President and Chief Financial Officer (Principal Financial Officer)

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Penns Woods Bancorp, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Penns Woods Bancorp, Inc. and subsidiaries (the "Company") as of December 31, 2024 and 2023; the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the each of the three years in the period ended December 31, 2024; and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent, with respect to the Company, in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements; and (2) involve our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter, in any way, our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses (ACL) – Qualitative Adjustments

Description of the Matter
The Company’s loan portfolio totaled $1.9 billion as of December 31, 2024, and the associated ACL was $11.8 million. As discussed in Notes 1 and 6 to the consolidated financial statements, determining the amount of the ACL requires significant judgment about the expected future losses. The ACL calculation is based on a discounted cash flows model, to identify a baseline expected loss reserve, which is then adjusted for current qualitative conditions and reasonable and supportable forecasts. Management applies these qualitative adjustments to the baseline reserve, to reflect changes in the current and forecasted environment, both internal and external, that are different from the conditions that existed during the historical loss calculation period.

We identified these qualitative adjustments within the ACL as a critical audit matter because they involve a high degree of subjectivity. While the determination of these qualitative adjustments includes analysis of observable data over the historical loss period, the judgments required to assess the directionality and magnitude of adjustments are highly subjective.

How We Addressed the Matter in Our Audit
The primary procedures we performed to address this critical audit matter included:

- Testing the design, implementation, and operating effectiveness of internal controls over the calculation of the allowance for credit losses, including the qualitative factor adjustments.
- Testing the completeness and accuracy of the significant data points that management uses in their evaluation of the qualitative adjustments.
- Testing the anchoring calculation that management completes to properly align the magnitude of the adjustments with the Company’s historical loss data.
- Evaluating the directional consistency and reasonableness of management’s conclusions regarding basis points applied (whether positive or negative), based on the trends identified in the underlying data.
- Testing the clerical accuracy of the application of the qualitative adjustments to the loan segments within the ACL calculation

We have served as the Company’s auditor since 1999.

S.R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 13, 2025

ITEM 9B OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the three months ended December 31, 2024, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Corporation's securities that was intended to satisfy the affirmation defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408 of SEC Regulation S-K.

ITEM 9C DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

DIRECTORS

The Corporation's bylaws provide that the board of directors shall consist of not less than five (5) nor more than twenty-five (25) directors who are shareholders, the exact number to be fixed and determined from time to time by resolution of a majority of the full board of directors, with the number currently set at twelve (12). The articles of incorporation and bylaws further provide that the directors shall be divided into three (3) classes, as nearly equal in number as possible, known as Class 1, Class 2, and Class 3. The directors of each class serve for a term of three (3) years and until their successors are elected and qualified. The mandatory retirement age for a director is upon attaining age 76. Under Pennsylvania law, directors of the Corporation can be removed from office by a vote of shareholders only for cause. The directors of the Corporation serve as follows:

Class 1 Directors to serve until 2025:	Class 2 Directors to serve until 2027:	Class 3 Directors to serve until 2026:
Daniel K. Brewer (age 62)	William J. Edwards (age 53)	Richard A. Grafmyre (age 71)
Michael J. Casale, Jr. (age 73)	Cameron W. Kephart (age 48)	D. Michael Hawbaker (age 57)
Brian L. Knepp (age 50)	Charles E. Kranich, II (age 55)	Robert Q. Miller (age 65)
R. Edward Nestlerode, Jr. (age 72)	Jill F. Schwartz (age 71)	John G. Nackley (age 72)

The board of directors has affirmatively determined that all of the directors are independent within the meaning of the Nasdaq listing standards, except for Richard A. Grafmyre, Chief Executive Officer of the Corporation, and Brian L. Knepp, President and Chief Financial Officer of the Corporation. The board categorically determined that a lending relationship resulting from a loan made by one of the Corporation's banking subsidiaries (JSSB or Luzerne) to a director would not affect the determination of independence if the loan complies with Regulation O under the federal banking laws. The board also categorically determined that maintaining with the Banks a deposit, savings, or similar account by a director or any of the director’s affiliates would not affect the determination of independence if the account is maintained on the same terms and conditions as those available to similarly situated customers.

INFORMATION AS TO DIRECTORS

Set forth below is the principal occupation and certain other information regarding the directors whose terms of office continues In addition, below we provide the particular experience, qualification, attributes, or skills that led the board of directors to conclude that each director and nominee should serve as a director. Share ownership information for each director and nominee is included in Item 12 under the caption “Beneficial Ownership and Other Information Regarding Directors, Executive Officers, and Certain Beneficial Owners.”

Daniel K. Brewer is a Certified Public Accountant and the retired principal of Brewer and Company, LLC, a private CPA firm. Mr. Brewer has served as a director since 2012. Mr. Brewer’s experience and knowledge of financial standards and reporting is valuable to the Audit Committee of which he serves as the Chairman. Mr. Brewer’s business and social involvement in the greater area of Columbia and Montour Counties provides insight into the economic stability of this region. In addition, Mr. Brewer’s knowledge of financial statements assists the board in their review of certain loan requests.

Michael J. Casale, Jr. is Vice Chairman of the Board of the Corporation, Chairman of the Board of Jersey Shore State Bank, and is the principal of Michael J. Casale, Jr., Esq., LLC. Mr. Casale has served as a director since 1999. Because banking is a highly regulated industry and success in the industry is dependent on adequately managing certain lending risks, Mr. Casale’s legal, business, and real estate experience is helpful to the board in reviewing the Corporation’s legal matters and documentation related to commercial lending matters. In September 2017, Mr. Casale entered voluntary guilty pleas in the Court of Common Pleas of Lycoming County to one count of criminal trespass and one count of wiretapping in connection with a personal domestic matter. Mr. Casale received probation for the offenses, which has been completed, and has paid all costs and fines.

William J. Edwards is President and owner of JEB Environmental Technologies, Inc., a storage tank construction company. Mr. Edwards has served as a director since 2012. Mr. Edwards, one of our youngest board members, adds to the diversity of the board and helps to ensure that the board will develop board members with a depth of knowledge of the Corporation, in order to avoid knowledge and experience gaps as older board members retire. In addition, Mr. Edwards' business involvement in various communities provides insight into the economic health of the communities, while also providing insight into potential customer relationships.

Richard A. Grafmyre has served as Chief Executive Officer of the Corporation since joining the Corporation in October 2010, and he serves on the boards of both JSSB and Luzerne. Mr. Grafmyre served as President, Chief Executive Officer, and Chairman of FNB Bank from 1997 until joining the Corporation. For the efficient operation of the board, the board believes that the Chief Executive Officer should have a position on the board to act as a liaison between the board and management and to assist with the board's oversight responsibilities by ensuring the board receives information from management in a timely and accurate manner to permit the board to carry out its responsibilities effectively. Mr. Grafmyre's extensive professional banking experience within a larger holding company structure enables him to provide the board with insight as to how the Corporation's operations, policies, and implementation of strategic plans compare to those of its peers.

D. Michael Hawbaker is Executive Vice President of Glenn O. Hawbaker, Inc., a provider of heavy construction services and products throughout the company's market area in Centre County, Pennsylvania. Mr. Hawbaker has served as a director since 2007. Mr. Hawbaker is one of our youngest board members, adds to the diversity of the board, and helps to ensure that the board will develop board members with a depth of knowledge of the Corporation, in order to avoid knowledge and experience gaps as older board members retire. Mr. Hawbaker understands the community and political landscape of the Centre County area where the board intends to continue to grow the Corporation's business. Mr. Hawbaker possesses a level of financial acumen important to his service as a member of the Audit Committee.

Cameron W. Kephart is Executive Vice President of Susquehanna Transit Company and Susquehanna Trailways LLC, a third-generation, family-owned motorcoach company based in Avis, Pennsylvania. Mr. Kephart has served as a director since 2017. Mr. Kephart has over 20 years' experience in the transportation industry and is responsible for the day to day operations of the school bus and motorcoach divisions of the company, which includes financial planning and budgeting as well as strategic planning. Mr. Kephart is knowledgeable in government regulations pertaining to the industry at the state and federal levels. Additionally, Mr. Kephart's relatively younger age adds to the diversity of the board and helps to ensure that the board will develop board members with a depth of knowledge of the Corporation, in order to promote continuity in the board.

Brian L. Knepp joined the Corporation in 2005. He has served as the Chief Financial Officer of the Corporation since 2008 and was appointed President of the Corporation in 2017. The board believes that Mr. Knepp's experience and knowledge of the Corporation's business lines coupled with his ability to act as a liaison, in conjunction with the Chief Executive Officer, between the board and management and to assist with the board's oversight responsibilities by ensuring the board receives information from management in a timely and accurate manner will enhance board performance. The board also believes that Mr. Knepp's position as Chief Financial Officer of the Corporation provides the board with valuable insight relating to the Corporation's financial performance and strategic planning.

Charles E. Kranich, II is the President of Kranich's Jewelers, Inc., which is a fourth generation family-owned retail jewelry company operating in central Pennsylvania. He has experience in business and real estate and has served as a director since 2019. Mr. Kranich maintains strong business and personal relationships; particularly in the Blair and Centre County regions. Mr. Kranich is a younger board member and contributes retail and marketing knowledge to the board, while providing political and economic insights.

Robert Q. Miller is President and co-owner of Miller Brothers Auto Sales, Inc. and Mor Car Rentals and is a shareholder of the Central Pennsylvania Auto Auction. Mr. Miller has served as a director since 2019. He has been engaged in the auto sales business since the age of 19. Mr. Miller's business involvement provides insight into the local economic environment and the auto industry specifically. Mr. Miller is active in civic organizations in the Mill Hall/Clinton County community.

John G. Nackley is President and Chief Executive Officer of InterMetro Industries Corporation serving as the Chief Executive Officer since 1996. Mr. Nackley has served as a director since 2013. Mr. Nackley's experience in a Fortune 500 company provides the board with leadership in the business climate, financial reporting, strategic planning, marketing, and governance. Mr. Nackley has served on numerous business, community service, arts and higher education boards

R. Edward Nestlerode, Jr. is the Chairman of the Board of the Corporation and is President and Chief Executive Officer of Nestlerode Contracting Co., Inc., which specializes in bridge building. Mr. Nestlerode has served as a director since 1995.

Mr. Nestlerode maintains strong community ties in the Clinton County area, which is a region that the Corporation intends to grow its business. Through his business, Mr. Nestlerode has developed knowledge of the construction industry, which provides the board with insight regarding the development of potential customer relationships and opportunities. In addition, Mr. Nestlerode's previous experience as a Chief Financial Officer is valuable as a member of the Audit Committee.

Jill F. Schwartz is the senior partner of Wyoming Weavers, Swoyersville, Pennsylvania and President of Fortune Fabrics, Inc., positions she has held since 1985. She is also the owner of Gosh Yarn It!, a yarn boutique located in Kingston, Pennsylvania. Ms. Schwartz has served as a director since 2013. As president of a local manufacturing company along with many years of experience as a bank director, Ms. Schwartz provides the board with an understanding of the local business climate and growth opportunities for the Corporation.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Corporation maintained the following standing committees for 2024, the current non-employee members of which are as follows:

		Number of Times Met During 2024
ASSET LIABILITY COMMITTEE:	Daniel K. Brewer, Michael J. Casale, Jr., William J. Edwards, D. Michael Hawbaker, Cameron W. Kephart, Charles E. Kranich, II, Robert Q. Miller, John G. Nackley, R. Edward Nestlerode, Jr., Jill Fortinsky Schwartz	4
AUDIT:	Daniel K. Brewer, Michael J. Casale, Jr., William J. Edwards, D. Michael Hawbaker, Cameron W. Kephart, Charles E. Kranich, II, Robert Q. Miller, John G. Nackley, R. Edward Nestlerode, Jr., Jill Fortinsky Schwartz	4
COMPENSATION:	Michael J. Casale, Jr., D. Michael Hawbaker, William J. Edwards, R. Edward Nestlerode, Jr.	6
EXECUTIVE:	Daniel K. Brewer, Michael J. Casale, Jr., William J. Edwards, Charles E. Kranich, John G. Nackley, R. Edward Nestlerode, Jr.	12
NOMINATING AND CORPORATE GOVERNANCE:	Michael J. Casale, Jr., Cameron W. Kephart, Charles E. Kranich, R. Edward Nestlerode, Jr.	1

Audit Committee

The Audit Committee of the Corporation was composed of all independent directors within the meaning of Nasdaq listing standards. The Audit Committee operates under a written charter, a copy of which is available on our website, www.pwod.com, under Financial Information/Governance Documents and is available upon written request to the President or the Chief Executive Officer. The board of directors has designated Daniel K. Brewer as the Audit Committee financial expert. The Audit Committee is responsible for the appointment, compensation, oversight, and termination of the Corporation's independent auditors. The Audit Committee is required to pre-approve audit and certain non-audit services performed by the independent auditors. The Audit Committee also assists the board of directors in providing oversight over the integrity of the Corporation's financial statements, compliance with applicable legal and regulatory requirements, and the performance of our internal audit function. The Audit Committee also is responsible for, among other things, reporting to the board of directors on the results of the annual audit and reviewing the financial statements and related financial and non-financial disclosures included in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Importantly, from a corporate governance perspective, the Audit Committee regularly evaluates the independent auditors' independence, including approving consulting and other legally permitted, non-audit services provided by the auditors and the potential impact of the services on the auditors' independence. The Audit Committee meets periodically with the independent auditors and the internal auditors outside of the presence of management, and possesses the authority to retain professionals to assist it in meeting its responsibilities without consulting with management. The Audit Committee reviews and discusses earnings releases with management, including the use of pro-forma information. The Audit Committee also discusses with management and the independent auditors the effect of accounting initiatives. The Audit Committee also is responsible for receiving and retaining complaints and concerns relating to accounting and auditing matters. The Audit Committee met four (4) times during 2024.

Board Meetings

The board of directors of the Corporation met sixteen (16) times during 2024. All directors attended at least 80% of the aggregate of all meetings of the board of directors and the committees of which they were members.

Board Leadership Structure

Our board of directors maintains the freedom to choose whether the roles of Chairman of the Board and Chief Executive Officer should be combined or separated, based on what it believes is best for the Corporation and its shareholders at any given time. The board of directors has determined that it is appropriate to separate the roles of Chief Executive Officer and Chairman of the Board. Accordingly, R. Edward Nestlerode, Jr. serves as Chairman of the Board of the Corporation while Richard A. Grafmyre serves as Chief Executive Officer of the Corporation. The board of directors believes this arrangement provides stronger corporate governance and conforms to industry best practices.

Board Risk Oversight

Each member of the board of directors has a responsibility to monitor and manage risks faced by the Corporation. At a minimum, this requires the members of the board of directors to be actively engaged in board discussions, review materials provided to them, and know when it is appropriate to request further information from management and/or engage the assistance of outside advisors. Furthermore, because the banking industry is highly regulated, certain risks to the Corporation are monitored by the board of directors through its review of the Corporation’s and its banking subsidiaries' compliance with regulations set forth by the banking regulatory authorities. Because risk oversight is a responsibility for each member of the board of directors, the board’s responsibility for risk oversight is not concentrated into a single committee. Instead, oversight is delegated, to a large degree, to the various board committees with an independent director serving in the capacity of committee chairman. These committees meet formally, as needed, to discuss risks and monitor specific areas of the Corporation’s performance with their findings reported at the next scheduled full meeting of the board of directors. In addition, the composition of the board of directors and normal agenda allow for the continuous oversight of risk by providing an environment which encourages the directors to ask specific questions or raise concerns and allots them sufficient time and materials to do so effectively. The overlap of committee membership provides a broad perspective of various risks and the actions undertaken to manage risks in today’s environment.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee operates under a written charter, a copy of which is available on our website, www.pwod.com, under Financial Information/Governance Documents and is available upon request to the President or the Chief Executive Officer. All members of the Committee are independent within the meaning of Nasdaq listing standards, and the Committee met once during 2024. The Committee will consider candidates recommended by shareholders. Shareholders desiring to submit a candidate for consideration as a nominee of the board of directors must submit the same information with regard to the candidate as required to be included in the Corporation’s proxy statement with respect to nominees of the board of directors in addition to any information required by the bylaws of the Corporation. Shareholder recommendations should be submitted in writing to Penns Woods Bancorp, Inc., 300 Market Street, Williamsport, PA 17701 (Attention: Chief Executive Officer), on or before December 31 of the year preceding the year in which the shareholder desires the candidate to be considered as a nominee. Although the board of directors at this time does not utilize any specific written qualifications, guidelines, or policies in connection with the selection of director nominees, candidates must have a general understanding of the financial services industry or otherwise be able to provide some form of benefit to the Corporation’s business, possess the skills and capacity necessary to provide strategic direction to the Corporation, be willing to represent the interests of all shareholders, be able to work in a collegial board environment, and be available to devote the necessary time to the business of the Corporation. In addition to these requirements, candidates will be considered on the basis of diversity of experience, skills, qualifications, occupations, education, and backgrounds, and whether the candidate’s skills and experience are complementary to the skills and experience of other board members. Candidates recommended by shareholders will be evaluated on the same basis as candidates recommended by the independent directors.

Restrictions on Hedging and Pledging Corporation Securities

The Corporation believes that stock ownership can effectively align the interests of directors, officers, and employees with the long-term interests of shareholders. Certain transactions in the Corporation’s securities, however, may be considered short-term or speculative in nature, or create the appearance that incentives are not properly aligned with the long-term interests of shareholders. It is the Corporation’s policy that directors, officers, and employees not purchase financial investments (including equity swaps, collars and similar derivative securities) or otherwise engage in transactions that hedge or offset, or are designed to hedge or offset, any potential decrease in the market value of the Corporation’s securities. As a result, under the Corporation’s Policy on Material Nonpublic Information and Personal Investing for Directors, Officers, and Employees, directors and specified officers, including all executive officers, may not buy or sell puts or calls or other derivative securities relating to the Corporation’s securities; directors and specified officers, including all executive officers, may not hold the Corporation’s securities in a margin account or pledge Corporation securities as collateral for a loan; and directors, officers, and employees may not enter into hedging or monetization transactions or similar arrangements with respect to Corporation securities that hedge or offset, or are designed to hedge or offset, any potential decrease in the market value of Corporation securities.

Clawback Policy

On November 28, 2023, the board of directors approved the adoption of a Clawback Policy, which covers incentive compensation paid on or after October 2, 2023 to current or former executive officers of the Corporation. The Clawback Policy complies with the final clawback rules adopted by the SEC under Section 10D of the Securities Exchange Act of 1934 and Nasdaq listing standards set forth in the Nasdaq Listing Rule 5608. The Clawback Policy provides for the mandatory recovery of erroneously awarded incentive-based compensation from current and former executive officers (as defined in SEC Rule 10D-1) of the Corporation in the event that the Corporation is required to prepare an accounting restatement. Under the Clawback Policy, the Corporation is required to recoup from the covered executive officers erroneously awarded incentive compensation received within a recovery period of the three completed fiscal years preceding the date on which the Company is required to prepare an accounting restatement.

Insider Trading Policy

The Corporation has adopted a Policy on Material Nonpublic Information and Personal Investing for Directors, Officers, and Employees. The Policy applies to all directors, officers, employees of the Corporation and each of its subsidiary companies, including JSSB and Luzerne. The Policy is intended to promote compliance with federal and state laws relating to trading in securities by, among other things, describing prohibitions on trading while in possession of material nonpublic information, either directly or through related persons or accounts, permitting directors and certain designated officers to trade in the Corporation's securities only during designated "window" periods during the year, requiring pre-clearance of transactions in the Corporation's securities by directors and certain designated officers, and describing reporting and other requirements by directors and other reporting persons of the Corporation under Section 16 of the Securities Exchange Act of 1934.

Other Significant Corporate and Governance Practices

The following describes certain additional corporate, community, and governance practices of the Corporation and its affiliated companies.

Promoting Stock Ownership

The board of directors believes that directors and senior management should have a meaningful ownership interest in the Corporation. Although the Corporation does not presently use minimum ownership guidelines, it has taken actions since the beginning of 2020 to encourage an increased level of ownership by directors and senior officers. During 2020, the Corporation implemented the 2020 Non-Employee Director Compensation Plan, which was approved by shareholders at the 2020 Annual Meeting of Shareholders. Under this Plan, non-employee directors who have not attained specified levels of stock ownership are required to receive a portion of their annual compensation in the form of common stock (currently 50% of total annual compensation), with the ability to elect to receive up to 100% of annual compensation in the form of common stock by making a written election prior to the calendar year to which the compensation relates. As of March 1, 2025 the Corporation has issued a total of 54,120 shares of common stock to non-employee directors under the Plan in lieu of otherwise payable cash compensation. In addition, Mr. Grafmyre's 2021 employment agreement provides that the Compensation Committee of the board of directors can require that up to 50% of the amount of any annual bonus payable to Mr. Grafmyre be paid in the form of common stock in lieu of cash. The percentage of the amount of annual bonus paid in the form of common stock can be increased above 50% with Mr. Grafmyre's consent. Any shares of common stock issued in payment of any portion of an annual bonus are subject to restrictions on transfer for up to three years following grant. The Merger Agreement with Northwest prohibits the issuance of additional shares of the Corporation's common stock during the executory period except in limited circumstances, and, accordingly, the payment of a portion of non-employee director compensation in the form of common stock was suspended in the fourth quarter of 2024 and all director compensation is paid in cash, and any bonus payment made to Mr. Grafmyre in 2025 under his employment agreement will be paid in cash.

Diversity

The Corporation is committed to supporting a culture of diversity and inclusion among its workforce and community. A member of senior management, who is a minority member, acts as the Corporation's Diversity Officer. The Corporation has also implemented various training sessions to promote a workforce and work environment that recognizes the value of a diverse employee base.

As the Corporation strives to build a more diverse workforce, it is also focused on increasing diversity on its board of directors and the boards of board of directors of its various subsidiaries. The vetting process for board members includes diversity as a factor for consideration.

Board Diversity Matrix as of March 1, 2025

Total Number of Directors	12			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	7	-	4
Part II: Demographic Background				
African American or Black	-	-	-	-
Alaskan Native or Native American	-	-	-	-
Asian	-	-	-	-
Hispanic or Latinx	-	-	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	1	7	-	-
Two or More Races or Ethnicities	-	-	-	-
LGBTQ+	-	-	-	-
Did Not Disclose Demographic Background	-	-	-	4

Board Diversity Matrix as of March 1, 2024

Total Number of Directors	13			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	7	-	5
Part II: Demographic Background				
African American or Black	-	-	-	-
Alaskan Native or Native American	-	-	-	-
Asian	-	-	-	-
Hispanic or Latinx	-	-	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	1	7	-	-
Two or More Races or Ethnicities	-	-	-	-
LGBTQ+	-	-	-	-
Did Not Disclose Demographic Background	-	-	-	5

Environmental Impact

The Corporation has taken several steps to limit negative impacts to the environment. Currently, new branches are designed to average approximately 1,500 square feet as the Corporation focuses on a minimal footprint. In addition, new and renovated existing branches utilize energy efficient lighting and energy efficient HVAC systems. To reduce the amount of trash generated from business operations, the Corporation has embraced technology that has reduced the need to print paper documents. Customers have the option to utilize internet banking to receive various forms including deposit statements. The fact that approximately 33,300 customers have elected to receive their monthly statements electronically has resulted in more than 68,800 monthly deposit account statements being delivered electronically versus being printed and mailed. The Corporation has made an investment in video conferencing technology beginning in 2019 through the current day. The video conferencing technology has resulted in significantly reduced travel requirements for employees attending training sessions, which no longer need to be held at one specific location with employees traveling from various locations for attendance. The Corporation plans to continue to invest in technology and products that are intended to reduce the overall environmental impact of the Corporation’s business and operations, including maintaining a commitment to remote working where appropriate.

Community Involvement

The Corporation and its banking subsidiaries emphasize community involvement by employees, and also participate directly in community involvement. A number of employees serve in leadership capacities in many different types of organizations in the Corporation's service area, including public libraries, food pantries, and financial literacy organizations. The Corporation also provides financial assistance to various non-profit and other organizations within its footprint, such as those focused on providing services to individuals with disabilities, promoting youth activities, and providing social support services. The Corporation's banking subsidiaries also participate as partners in several low-income housing projects for elderly residents, which assist in fulfilling a housing need within the Corporation's market area.

PRINCIPAL OFFICERS OF THE CORPORATION

The following table lists the executive officers of the Corporation as of March 1, 2025:

Name	Age	Position and/or Offices With the Corporation	Employee Since	Number of Shares of the Corporation	Year First Elected an Officer
Richard A. Grafmyre	71	Chief Executive Officer of the Corporation	2010	22,525	2010
Brian L. Knepp	50	President and Chief Financial Officer of the Corporation	2005	22,607	2005
Aron M. Carter	52	Senior Vice President - Chief Risk Officer of the Corporation	2013	1,849	2013
Michelle M. Karas	59	Senior Vice President, Secretary, & Chief Data Officer of the Corporation	2012	2,557	2012

Biographical information for Mr. Grafmyre and Mr. Knepp is set forth above under the caption "Information as to Directors."

Aron M. Carter joined the Corporation in 2013 as a Senior Vice President - Enterprise Risk Management and was promoted to Senior Vice President - Chief Risk Officer in 2018. Mr. Carter previously was employed as a bank examiner with the Office of the Comptroller of the Currency.

Michelle M. Karas joined the Corporation in 2012 as a Vice President - Head of Institutional Advancement and was promoted to Senior Vice President - Chief Operating Officer in 2016, Secretary in 2017, and Chief Data Officer in 2019. Ms. Karas previously was employed in various management positions at several community banks.

ITEM 11 EXECUTIVE COMPENSATION

COMPENSATION OF DIRECTORS

Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Daniel K. Brewer	$ 41,017	$ 24,483	$ —	$ —	$ —	$ —	$ 65,500
Michael J. Casale, Jr.	51,237	11,763	—	—	—	—	63,000
William J. Edwards	58,000	—	—	—	—	—	58,000
D. Michael Hawbaker	36,323	21,677	—	—	—	—	58,000
Leroy H. Keiler, III (1)	26,991	19,342	—	—	—	—	46,333
Cameron W. Kephart	36,323	21,677	—	—	—	—	58,000
Charles E. Kranich, II	58,000	—	—	—	—	—	58,000
Robert Q. Miller	36,323	21,677	—	—	—	—	58,000
John G. Nackley	29,043	20,957	—	—	—	—	50,000
R. Edward Nestlerode, Jr.	65,500	—	—	—	—	—	65,500
Jill F. Schwartz	50,000	—	—	—	—	—	50,000

(1) Through the date of Mr. Keiler's termination of service as a director in May 2024.

The Corporation pays an annual retainer fee to each director of the Corporation of $28,000. In addition, JSSB and Luzerne pay an annual retainer fee to each director of $30,000 and $22,000, respectively. For the Corporation, Mr. Nestlerode received $7,500 for serving as Chairman of the Board and Mr. Brewer received $7,500 for serving as the Audit Committee Chairman. Mr. Casale received $5,000 for serving as Chairman of the Board of JSSB. In the aggregate, members of the board of directors of the Corporation as of March 1, 2025 earned $584,000 for all board service during 2024. Directors do not receive additional fees for board or committee meeting attendance.

During 2020, the Corporation implemented the 2020 Non-Employee Director Compensation Plan, which was approved by shareholders at the 2020 Annual Meeting of Shareholders. Under this Plan, non-employee directors who have not attained specified stock ownership levels are required to receive a portion of their annual compensation in the form of common stock (currently 50% of total annual compensation), with the ability to elect to receive up to 100% of annual compensation in the form of common stock by making a written election prior to the calendar year to which the compensation relates. As of March 1, 2025, the Corporation has issued a total of 54,120 shares of common stock to non-employee directors under the Plan in lieu of otherwise payable cash compensation. The board believes that the Plan will more closely align the interests of the non-employee members of the board of directors with shareholders by requiring that a material portion of the annually established dollar amount of non-employee director compensation be paid in the form of common stock. The Merger Agreement with Northwest prohibits the issuance of additional shares of the Corporation's common stock during the executory period except in limited circumstances, and, accordingly, the payment of a portion of non-employee director compensation in the form of common stock was suspended in the fourth quarter of 2024 and all director compensation is paid in cash.

JSSB and current Director Casale have entered into a director fee agreement pursuant to which a participating director may defer payment of all or a portion of his director's fees earned for service on the boards of directors of the Corporation and JSSB. JSSB has established a deferral account for each participating director on its books. Benefits are payable upon retirement, early termination, disability, death, or the occurrence of a change in control of the Corporation or JSSB. Interest is credited to each deferral account at an annual rate equal to 50% of the Corporation's return on equity for the immediately prior year, compounded monthly. Following termination of service, interest is credited to a deferral account at a rate based on the yield of the 10-year treasury note. Generally, the amounts are payable, at the participating director's prior election, in a lump sum or in 60 equal monthly installments following the director's retirement or termination of service, or the occurrence of a change in control of the Corporation or JSSB. In addition, a participating director may receive a payment of his or her account if the board of directors has determined that, following a request by a participating director, such director has suffered a severe unforeseeable financial hardship.

Luzerne maintains a director deferred fee plan in which Mr. Nackley and Ms. Schwartz participate. The plan is a non-qualified deferred compensation plan into which Luzerne directors can defer up to 100% of the board fees earned during a calendar year. All amounts deferred by a director are fully vested at all times and currently earn an annual interest rate equal to prime plus 3%, with a floor of 6%. Balances accrued in the plan prior to December 31, 2012 earn interest at 10%. Upon cessation of a Luzerne director's service with Luzerne, Luzerne will pay the director all amounts credited to the director's deferred fee account.

Directors who are also employees of the Corporation (currently Mr. Grafmyre and Mr. Knepp) do not receive any separate compensation for serving as a director of the Corporation or the Banks.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis addresses the following issues: members of the Compensation Committee (the "Committee") and their role, compensation-setting process, our philosophy regarding executive compensation, and components of executive compensation.

Committee Members and Independence
The Committee is comprised of four (4) independent directors under the requirements set forth in the Nasdaq listing standards. In determining the independence of members of the Compensation Committee, the Board considers all factors specifically relevant to determining whether the director has a relationship to the Corporation that is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including (i) the source of the director's compensation, including any consulting, advisory or other compensation fees; and (ii) any affiliate relationship between the director and the Corporation or any of its subsidiaries. The members of the Committee are: Michael J. Casale, Jr., D. Michael Hawbaker, William J. Edwards, and R. Edward Nestlerode, Jr.

Role of Committee
The Committee's focus is to establish a compensation policy and philosophy that will enable the Corporation to attract, retain, motivate, and reward executive officers that are critical to the success of the Corporation. In doing so, the Committee:

- reviews and adjusts the principles guiding the compensation policy to maintain alignment with short and long-term strategic goals and to build shareholder value;
- establishes performance objectives including, but not limited to, earnings, return on assets, return on equity, total assets, and quality of the loan portfolio;
- evaluates the performance of the executive officers in comparison to the performance goals;
- determines the compensation of executive officers and the components of the compensation;
- administers the retirement plans of the Corporation, including the defined benefit, defined contribution, and 401(k) plans;
- administers the 2006 Employee Stock Purchase Plan;
- administers the 2020 Stock Option Plan;
- administers the 2020 Non-Employee Director Compensation Plan;
- administers the 2020 Supplemental Executive Retirement Plan;
- recommends changes to compensation plans, cash or equity, to the full board of directors;
- reviews and recommends changes to succession plans; and
- reviews and recommends changes to director compensation.

Committee Meetings
The Committee meets as often as necessary. The Committee met six times in 2024 to gather input in anticipation of the wage and benefit changes to be approved for the 2025 fiscal year. The Committee maintains a written charter, a copy of which is available on our website, www.pwod.com, under Investor Relations/Financial Information/Governance Documents and is available on request to the President or Chief Executive Officer. The Committee works with the Chief Executive Officer to determine the meeting agenda and material to be reviewed. The materials and inputs utilized may include, but are not limited to, the following:

- financial reports outlining budget to actual performance;
- reports of corporate achievement/recognition by outside parties;
- forecasted financial results as compared to the current budget and actual results;
- peer financial analysis and comparison;
- completion and progress of meeting strategic goals;
- peer equity and cash compensation data;
- national and regional compensation surveys; and

- financial impact of current and proposed compensation programs.

Committee Process
The Committee set the compensation of the executive officers and other employees during the first quarter of 2024 for the period covering the 2024 fiscal year. Although the decisions are made at a point in time, the Committee continuously monitors the performance of the Corporation and executives throughout the year as part of the routine full board of directors meetings.

The Committee utilizes the input and assistance of management when making compensation decisions. Management input includes:

- employee performance evaluations and compensation recommendations;
- reporting actual and forecasting future results;
- establishing performance objectives;
- review and recommendations of non-cash employee compensation programs; and
- assistance with Committee meeting agendas.

The Chief Executive Officer has direct involvement with the Committee during the meetings in order to provide status updates on the attainment of strategic goals, discuss performance evaluations, and make recommendations on executive officer compensation packages for the named executive officers other than himself. The Chief Executive Officer does not participate in meetings of the Committee during which his compensation is discussed.

Annually, the Committee meets to evaluate the performance of the executive officers and to set the compensation for the fiscal year.

Actions Taken In Response to the 2024 Non-Binding Vote On Executive Compensation
The Committee, with the support of the full Board, has taken several actions in response to the advisory vote on executive compensation at the 2024 Annual Shareholder meeting. The actions include, but are not limited to the following:

- Continued communications with shareholders related to executive compensation programs and decisions, governance, and other related matters to broaden our perspective. We continued an outreach program to the top twenty-five institutional shareholders.
- Discussions with the institutional and other shareholders typically included some combination of members of the Compensation Committee (including our Chair and Vice Chair), our Chief Executive Officer, President/Chief Financial Officer, Chief Human Resources Officer, and SVP/Chief Data Officer.
- We also met with select retail accounts to discuss matters relating to the Corporation, including compensation programs.
- In direct response to comments and feedback from shareholders, the Board
  - with Mr. Grafmyre's consent and agreement, amended his existing employment agreement to reduce his annual base salary to $850,000, eliminated provisions of the agreement providing for payment of unused time off, and capped his maximum potential bonus amount under the Company's incentive bonus plan at $325,000;
  - continued utilization of stock options as a component of the overall compensation plan to more closely align the interests of the executives with shareholder interests; and
  - remained committed to reducing the number of directors with a goal of reducing over the next several years the number of directors to eleven (11) through a combination of mandatory retirements and a reduction in the number of nominations.
- The Committee and the Board plan to engage in annual outreach with our largest shareholders related to executive compensation programs and decisions, governance, sustainability, and other related matters.

Compensation Elements

Base Salary
The Committee believes that the base salary of the named executive officers is the cornerstone of the compensation package and is the primary source of compensation to the executive. The base salary provides a consistent level of pay to the executive, which the Committee feels decreases the amount of executive turnover, promotes the long-term goals of the Corporation, and is a tax deductible expense. The factors used in determining the level of base salary include the executive's qualifications and experience, tenure with the Corporation, responsibilities, attainment of goals and objectives, past performance, and peer practices. A review of past performance and the attainment of goals and objectives are reviewed annually as part of the formal

annual performance review. During the review, objectives and goals for the current and following year and upcoming milestones related to the corporate strategic plan were discussed. Peers for the Corporation are bank holding companies headquartered within Pennsylvania, Maryland, New Jersey, New York, Ohio, and West Virginia with assets between $1 billion and $3 billion and include the following:

ACNB Corporation	Chemung Financial Corp.	Citizens and Northern Corp.
Citizens Financial Services, Inc.	Civista Bancshares, Inc.	ESSA Bancorp, Inc.
Evans Bancorp, Inc.	Fidelity D & D Bancorp, Inc.	First Keystone Corporation
First United Corp.	FNCB Bancorp, Inc.	Franklin Financial Services Corp.
LCNB Corp.	Middlefield Banc Corp.	Norwood Financial Corp.
Parke Bancorp, Inc.	Princeton Bancorp, Inc.	QNB Corp.
SB Financial Group, Inc.	Unity Bancorp, Inc.	

Data for these peers is gathered from various sources including, but not limited to, SEC filings, Federal Reserve filings, and other information publicly released by the peer companies. The Committee utilizes such comparative information as a component in determining base salary for such executives. Other components considered by the Committee include the factors described above. The Committee does not assign relative weights to any one component but considers the entire mix of information. The Committee does not consider such comparative information in connection with other elements of the overall compensation of such executives.

Annual Bonus Program

The Committee administers a Performance-Based Cash Incentive Plan in which the Chief Executive Officer and President and Chief Financial Officer participate. The plan provides at-risk compensation awards to eligible employees of the Corporation. To be eligible to receive payments employees must have been employed for a minimum of three months and be actively employed at time of payment. In addition, the employee must receive an overall rating of “Proficient” or higher on his or her most recent individual performance appraisal for the period covered by the performance appraisal. The plan is designed to support organizational objectives and financial goals set forth in the Corporation’s strategic business plan and financial plan. The plan further aligns the interests of the Corporation’s shareholders with employees and assists the Corporation in attracting, retaining, and motivating high-quality personnel, who contribute to the success and profitability of the Corporation.

The Committee has the discretion to exclude nonrecurring or extraordinary items of income, gain, expense, or loss, or any other factor it may deem relevant in its determination as to whether the target results have been satisfied. The Committee must conclude that an award, in such a circumstance, would ensure that the best interests of the Corporation’s shareholders are protected and are not in conflict with the interests of the plan’s participants.

Cash awards are based upon a maximum fixed amount and are paid annually.

The plan is administered by the Committee. The Committee may only make awards when it deems such awards are in the best interests of the Corporation, the Corporation’s shareholders, and the plan participants. The Committee or the board may take action to amend, modify, suspend, reinstate, or terminate the plan at any time. Such amendments, modifications, suspensions, reinstatements, or terminations may apply retroactively.

For 2024, the Committee established five weighted performance targets under the plan for participating employees, Mr. Grafmyre and Mr. Knepp. The performance factors and weightings for each factor for the 2024 bonus plan, all of which exclude securities gains or losses and merger expenses where applicable, were as follows: Return on Equity (target: 10.14%, actual: 9.46%; weighting: 20%); Return on Assets (target: 0.87%, actual: 0.83%; weighting: 20%); Earnings per Share (target: $2.29, actual: $2.44; weighting: 20%); Net Charge-Offs (target: 0.20%, actual: 0.03%; weighting: 20%); and Asset Growth (target: 5.53%, actual: 1.25%; weighting: 20%). Actual performance measured against the weighted target performance factors resulted in performance of 89% of targeted goals with the Committee exercising its ability to increase the amount paid for exceptional service to the Corporation primarily based on the significant increase in earnings per share and low level of net charge-offs. The Committee also took into consideration the impact of the challenging economic environment, inflation, upward wage pressure, and the announced acquisition of the Corporation by Northwest Bancshares, Inc. Based on these factors, bonuses for 2024 were paid as follows: Mr. Grafmyre - $325,000; Mr. Knepp - $70,000.

Equity Awards

The Committee granted stock options to the named executive officers during 2024 under the 2020 Penns Woods Bancorp, Inc. Equity Incentive Plan. The Committee feels this tool is needed in order to continue to be able to attract top talent, retain management, and to provide a long-term compensation component. Grants of stock options during 2024 to named executive officers totaled 48,000 shares at an exercise price of $20.85 per share. Total shares granted to each named executive officer were as follows: Mr. Grafmyre - 19,000; Mr. Knepp - 19,000; Mr. Carter - 5,000 and Ms. Karas - 5,000.

Additional Benefits
The named executive officers may participate in other employee benefit programs that are generally available to the other employees of the Corporation. Other perquisites received by the named executive officers are either included in the Summary Compensation Table in this proxy statement or do not exceed $10,000 in the aggregate annually.

Employment and Change in Control Agreements
We have entered into employment agreements with Messrs. Grafmyre, Knepp, Carter, and Ms. Karas. A discussion of these agreements follows. As described below, each of the agreements for Messrs. Grafmyre, Knepp, and Carter and Ms. Karas include provisions for payments under certain circumstances upon the occurrence of a “change in control” of the Corporation. Closing of the transactions under the Merger Agreement with Northwest will constitute a “change in control” under these agreements and, accordingly, each executive officer will receive the payments and benefits to which he or she is entitled under the terns of their respective agreements upon closing of the Merger.

Richard A. Grafmyre. Mr. Grafmyre is a party to an amended and restated employment agreement dated March 3, 2021 with the Corporation.

Under his agreement, Mr.Grafmyre will serve as Chief Executive Officer of the Corporation. He will also perform services as an executive officer of any of the Corporation’s subsidiaries as may be requested by the Corporation’s board of directors from time to time. In December 2023, the term of the agreement was extended through April 30, 2028. Commencing on May 1, 2028, there are three one-year renewal periods. Either the Corporation or Mr. Grafmyre can give notice of nonrenewal of the agreement at least 60 days prior to any annual renewal date, commencing with the renewal date on May 1, 2028, in which case the agreement would terminate as of the April 30 immediately following the notice of nonrenewal. The agreement can be terminated by the Corporation at any time for specified events of “cause” or in the event of Mr. Grafmyre’s disability.

Mr. Grafmyre’s annual base salary under the agreement is $850,000. The agreement provides for participation in employee benefit plans and programs maintained by the Corporation for the benefit of executive officers, including bonus programs, participation in health, disability benefit, life insurance, pension, profit sharing, retirement and stock-based compensation plans and certain fringe benefits, including use of an automobile and club dues. Under the terms of his employment agreement, Mr. Grafmyre’ maximum bonus potential under the Company’s annual bonus program is $325,000. Under the terms of Mr. Grafmyre’s agreement, the Compensation Committee can require that up to 50% of the amount of any annual bonus payable to Mr. Grafmyre be paid in the form of common stock in lieu of cash; however, the Merger Agreement with Northwest prohibits the issuance of additional shares of the Corporation’s common stock during the executory period except in limited circumstances, and, accordingly, and any bonus payment made to Mr. Grafmyre in 2025 under his employment agreement will be paid in cash.

The agreement provides that if, on or within 24 months following a “change in control” of the Corporation, the Corporation terminates Mr. Grafmyre for a reason other than cause or disability, or if Mr. Grafmyre resigns after the occurrence of specified circumstances that constitute constructive termination (i.e., “good reason”), Mr. Grafmyre will receive a lump-sum cash payment equal to two times the sum of (i) his then current base salary and (ii) the average of the last three annual bonuses paid to him preceding his termination of employment. He would also be entitled to a continuation of health insurance benefits for a period of twenty-four months. If the Corporation terminates Mr. Grafmyre for a reason other than cause or disability absent a “change in control,” Mr. Grafmyre will continue to receive his then current base salary and health insurance benefits for 24 months.

The agreement provides for the reduction of any “change in control” payments to Mr. Grafmyre to the extent necessary to ensure that he will not receive “excess parachute payments” under Section 280G of the Internal Revenue Code that would result in the imposition of an excise tax to him and a loss of deduction to the Corporation.

The agreement contains noncompete covenants, which generally prohibit Mr. Grafmyre from engaging in banking activities with an institution headquartered within twenty-five miles of 300 Market Street, Williamsport, Pennsylvania, and nonsolicitation covenants relating to customers and employees. These covenants generally extend for a period of six months after Mr. Grafmyre’s termination of employment unless his employment terminates as a result of a delivery of a notice of nonrenewal by the Corporation, in which case these covenants end on the date the agreement terminates.

Brian L. Knepp. Mr. Knepp is party to an amended employment agreement with the Corporation and JSSB. The agreement has a term expiring on July 14, 2024, with one additional one-year renewal thereafter absent notice of nonrenewal by either party. Under the agreement, Mr. Knepp serves as President and Chief Financial Officer of the Corporation.

Under the agreement, Mr. Knepp's current annual base salary is $299,657, subject to discretionary increases by the Corporation. Mr. Knepp is also entitled to participate in any employee benefit and incentive compensation plans and arrangements available to employees and executive officers of the Corporation. Mr. Knepp will also be provided with use of an automobile during the employment period under the agreement.

The agreement may be terminated for specified events of "cause," in which case the parties' obligations under the agreement will cease. If the agreement is terminated without cause and there has not been a change-in-control (as defined in the agreement), then the Corporation will continue to pay Mr. Knepp's then current annual base salary for the greater of six months or the number of months remaining in the term of his employment agreement and will provide Mr. Knepp, at no cost to him, with continuation of health and medical benefits for the period during which he is receiving continued payments of base salary. If, following a change-in-control, the agreement is terminated by the Corporation without cause or Mr. Knepp voluntarily terminates his employment for specified events of good reason, the Corporation will pay Mr. Knepp, in cash, within 30 days of termination, an aggregate amount equal to two times the sum of Mr. Knepp's then base salary and the average of his bonus amounts over the prior three years and provide him, at no cost to him, with continuation of health care benefits for 24 months. If during the term of the agreement, Mr. Knepp voluntarily terminates employment, retires, dies, or becomes disabled, the obligations of the parties under the agreement will cease, unless Mr. Knepp dies or becomes disabled after providing notice of termination for good reason following a change in control, in which case, Mr. Knepp, or his estate, as the case may be, will be entitled to the amounts described above.

The agreement provides for the reduction of any "change in control" payments to Mr. Knepp to the extent necessary to ensure that he will not receive "excess parachute payments" under Section 280G of the Internal Revenue Code which would result in the imposition of an excise tax to him and a loss of deduction to the Corporation.

The agreement contains noncompete covenants, which generally prohibit Mr. Knepp from engaging in banking activities within twenty-five miles of 300 Market Street, Williamsport, Pennsylvania, and nonsolicitation covenants relating to customers and employees. These covenants generally extend for a period of one year after Mr. Knepp's termination of employment unless his employment terminates as a result of a delivery of a notice of nonrenewal by the Corporation, in which case these covenants end on the date the agreement terminates.

Aron M. Carter. Mr. Carter is a party to an employment agreement with the Corporation and JSSB. The agreement renews annually for one-year terms ending each December 31 absent notice of nonrenewal by either party. Under the agreement, Mr. Carter serves as Senior Vice President and Chief Risk Officer of the Corporation and JSSB.

Mr. Carter's current annual base salary under the agreement is $199,390, subject to discretionary increases by the Corporation and JSSB. Mr. Carter is also entitled to participate in any pension, retirement, profit sharing, stock option, incentive bonus, employee stock ownership, or other plans, benefits, and privileges available to employees and executive officers of the Corporation and JSSB.

The agreement may be terminated for specified events of "cause," in which case the parties' obligations under the agreement will cease. If the agreement is terminated without cause and there has not been a change-in-control (as defined in the agreement), then the Corporation and JSSB will continue to pay Mr. Carter's then current annual base salary for the greater of six months or the number of months remaining in the term of his employment agreement and will provide Mr. Carter, at no cost to him, with continuation of health and medical benefits for the period during which he is receiving continued payments of base salary. If, following a change-in-control, the agreement is terminated by the Corporation or JSSB without cause or Mr. Carter voluntarily terminates his employment for specified events of good reason the Corporation and JSSB will pay Mr. Carter, in cash, within 30 days of termination, an aggregate amount equal to two times the sum of Mr. Carter's then base salary and the average of his bonus amounts over the prior three years. If during the term of the agreement, Mr. Carter voluntarily terminates employment, retires, dies, or becomes disabled the obligations of the parties under the agreement will cease, unless Mr. Carter dies or becomes disabled after providing notice of termination for good reason following a change in control, in which case, Mr. Carter, or his estate, as the case may be, will be entitled to the amounts described above.

The agreement provides for the reduction of any "change in control" payments to Mr. Carter to the extent necessary to ensure that he will not receive "excess parachute payments" under Section 280G of the Internal Revenue Code which would result in the imposition of an excise tax to him and a loss of deduction to the Corporation.

The agreement contains noncompetition covenants, which generally prohibit Mr. Carter from engaging in banking activities within twenty-five miles of 300 Market Street, Williamsport, Pennsylvania, and noncompetition covenants relating to customers and employees. These covenants generally extend for a period of one year after Mr. Carter's termination of employment unless his employment terminates as a result of a delivery of a notice of nonrenewal by the Corporation and JSSB, in which case these covenants end on the date the agreement terminates.

Michelle M. Karas. Ms. Karas is a party to an employment agreement with the Corporation and JSSB. The agreement renews annually for one-year terms ending each December 31 absent notice of nonrenewal by either party. Under the agreement, Ms. Karas serves as Senior Vice President and Chief Data Officer of the Corporation and JSSB.

Ms. Karas' current annual base salary under the agreement is $199,390, subject to discretionary increases by the Corporation and JSSB. Ms. Karas is also entitled to participate in any pension, retirement, profit sharing, stock option, incentive bonus, employee stock ownership, or other plans, benefits, and privileges available to employees and executive officers of the Corporation and JSSB.

The agreement may be terminated for specified events of "cause," in which case the parties' obligations under the agreement will cease. If the agreement is terminated without cause and there has not been a change-in-control (as defined in the agreement), then the Corporation and JSSB will continue to pay Ms. Karas' then current annual base salary for the greater of six months or the number of months remaining in the term of her employment agreement and will provide Ms. Karas, at no cost to her, with continuation of health and medical benefits for the period during which she is receiving continued payments of base salary. If, following a change-in-control, the agreement is terminated by the Corporation or JSSB without cause or Ms. Karas voluntarily terminates her employment for specified events of good reason the Corporation and JSSB will pay Ms. Karas, in cash, within 30 days of termination, an aggregate amount equal to two times the sum of Ms. Karas' then base salary and the average of her bonus amounts over the prior three years. If during the term of the agreement, Ms. Karas voluntarily terminates employment, retires, dies, or becomes disabled the obligations of the parties under the agreement will cease, unless Ms. Karas dies or becomes disabled after providing notice of termination for good reason following a change in control, in which case, Ms. Karas, or her estate, as the case may be, will be entitled to the amounts described above.

The agreement provides for the reduction of any "change in control" payments to Ms. Karas to the extent necessary to ensure that she will not receive "excess parachute payments" under Section 280G of the Internal Revenue Code, which would result in the imposition of an excise tax to her and a loss of deduction to the Corporation.

The agreement contains noncompete covenants, which generally prohibit Ms. Karas from engaging in banking activities within twenty-five miles of 300 Market Street, Williamsport, Pennsylvania, and nonsolicitation covenants relating to customers and employees. These covenants generally extend for a period of one year after Ms. Karas' termination of employment unless her employment terminates as a result of a delivery of a notice of nonrenewal by the Corporation and JSSB, in which case these covenants end on the date the agreement terminates.

Compensation Committee Report
The Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on the Committee's review and discussion with management, the Committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this annual report on Form 10-K for the year ended December 31, 2024.

Michael J. Casale, Jr.
D. Michael Hawbaker
William J. Edwards
R. Edward Nestlerode, Jr.

EXECUTIVE COMPENSATION

The following table sets forth the annual compensation for services in all capacities to the Corporation and the Banks for the year ended December 31, 2024 for those persons who served as the principal executive officer or principal financial officer at any time during the last completed fiscal year and the other executive officers for the last completed fiscal year (collectively, the "named executive officers").

Summary Compensation Table

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(2)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)(5)(6)	Total ($)
Richard A. Grafmyre	2024	$ 968,399	$ —	$ —	$ 70,870	$ 325,000	$ —	$ 14,722	$ 1,378,991
Chief Executive Officer (7)	2023	1,003,802	260,000	—	—	312,500	—	12,417	1,588,719
	2022	1,003,802	—	—	141,244	182,500	—	75,233	1,402,779
Brian L. Knepp	2024	285,766	—	—	70,870	70,000	53,628	14,264	494,528
President & Chief Financial	2023	273,036	—	—	122,200	70,000	53,628	12,581	531,445
Officer (8)	2022	256,346	—	—	214,022	70,000	53,628	197,167	791,163
Aron M. Carter	2024	192,376	—	—	18,650	—	31,236	8,917	251,179
Senior Vice President (9)	2023	165,979	—	—	24,400	25,000	31,236	7,873	254,488
	2022	158,935	—	—	32,101	22,000	31,236	53,416	297,688
Michelle M. Karas	2024	192,376	1,000	—	18,650	—	—	9,360	221,386
Senior Vice President (10)	2023	165,979	—	—	24,400	25,000	—	8,275	223,654
	2022	158,935	12,500	—	32,101	22,000	—	59,344	284,880

(1) Amounts include base salary and payments for unused paid time off for Mr. Grafmyre: $88,502 in 2024, $88,502 in 2023, 88,502 in 2022; Mr. Knepp: $0 in 2024, $9,000 in 2023, $0 in 2022; Mr. Carter: $0 in 2024, $0 in 2023, $0 in 2022; Ms. Karas: $0 in 2024, $0 in 2023, $2,557 in 2022.
(2) Amounts represent amounts paid under the Corporation's Performance-Based Bonus Plan.
(3) Amounts represent the accrual of benefits payable in the future under the 2020 Supplemental Executive Retirement Plan implemented during 2020.
(4) The cost of certain perquisites and other personal benefits for Messrs. Grafmyre, Knepp, Carter, and Ms. Karas are not included because such total does not exceed $10,000.
(5) Other compensation includes employer contributions to the 401(k) Plan for the benefit of Messrs. Grafmyre, Knepp, Carter, and Ms. Karas.
(6) Amounts include payments for the voluntary cash settlement of stock options in 2022 for Mr. Grafmyre: $50,528; Mr Knepp: $185,991; Mr. Carter: $40,004; Ms. Karas: $46,692.
(7) Mr. Grafmyre serves as the Chief Executive Officer of the Corporation, and is also a member of the board of directors of the Corporation.
(8) Mr. Knepp serves as President and Chief Financial Officer of the Corporation, and is also a member of the board of directors of the Corporation.
(9) Mr. Carter serves as a Senior Vice President - Chief Risk Officer of the Corporation.
(10) Ms. Karas serves as a Senior Vice President, Secretary & Chief Data Officer of the Corporation.

GRANTS OF PLAN-BASED AWARDS

The following table sets forth information concerning awards granted to the named executive officers for the year ended December 31, 2024 under the Corporation's equity incentive plans. The Merger Agreement with Northwest contains restrictions on the issuance of additional awards under the Corporation's equity incentive plans.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/SH)	Grant Date Fair Value of Stock and Option Awards ($)
Richard A. Grafmyre	1/17/2024	—	19,000	$ 20.85	$ 70,870
Brian L. Knepp	1/17/2024	—	19,000	20.85	70,870
Aron M. Carter	1/17/2024	—	5,000	20.85	18,650
Michelle M. Karas	1/17/2024	—	5,000	20.85	18,650

The following table shows information regarding non-equity incentive awards under the Corporation's Performance-Based Bonus Plan for 2024 for Mr. Grafmyre and Mr. Knepp.

(For fiscal year ended December 31, 2024)

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)
Richard A. Grafmyre	$ 162,500	$ 325,000	$ 325,000
Brian L. Knepp	35,000	70,000	70,000

Awards were paid for 2024 under the Performance-Based Bonus Plan because actual performance measured against weighted performance factors and Compensation Committee discretion resulted in performance of 100% of targeted performance goals. Cash payments made under the Plan for 2024 are included in the Summary Compensation Table under the column labeled "Non-Equity Incentive Plan Compensation." For further information on the Performance-Based Bonus Plan, see the "Compensation Discussion and Analysis" section of this proxy statement.

OUTSTANDING EQUITY AWARDS

The following table sets forth information concerning outstanding awards as of December 31, 2024 under the Corporation's equity incentive plans. All outstanding awards consist of stock options that vest either three or five years from the grant date. The Merger Agreement with Northwest provides that, at the Effective Time, options that are outstanding under the Corporation's equity incentive plans immediately prior to the Effective Time will vest in full and be converted automatically into the right to receive a cash payment in an amount calculated under the Merger Agreement.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Richard A. Grafmyre	30,000	—	$ 28.01	3/15/2029
Richard A. Grafmyre	20,300	20,200	25.34	3/11/2030
Richard A. Grafmyre	27,000	13,500	24.23	4/9/2031
Richard A. Grafmyre	—	33,000	24.10	1/18/2032
Richard A. Grafmyre	—	19,000	20.85	1/17/2034
Brian L. Knepp	24,000	—	28.01	3/15/2029
Brian L. Knepp	25,000	25,000	25.34	3/11/2030
Brian L. Knepp	33,300	16,700	24.23	4/9/2031
Brian L. Knepp	—	50,000	24.10	1/18/2032
Brian L. Knepp	—	20,000	27.77	1/20/2033
Brian L. Knepp	—	19,000	20.85	1/17/2034
Aron M. Carter	7,500	—	28.01	3/15/2029
Aron M. Carter	5,000	5,000	25.34	3/11/2030
Aron M. Carter	5,000	2,500	24.23	4/9/2031
Aron M. Carter	—	7,500	24.10	1/18/2032
Aron M. Carter	—	4,000	27.77	1/20/2033
Aron M. Carter	—	5,000	20.85	1/17/2034
Michelle M. Karas	6,000	—	28.01	3/15/2029
Michelle M. Karas	5,000	5,000	25.34	3/11/2030
Michelle M. Karas	5,000	2,500	24.23	4/9/2031
Michelle M. Karas	—	7,500	24.10	1/18/2032
Michelle M. Karas	—	4,000	27.77	1/20/2033
Michelle M. Karas	—	5,000	20.85	1/17/2034

OPTION EXERCISES AND STOCK VESTED

None of our named executive officers exercised stock options during the year ended December 31, 2024. There were no other stock awards, including restricted stock, restricted stock units or similar instruments, issued or outstanding during the year ended December 31, 2024.

SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENTS

In September 2020, JSSB entered into supplemental executive retirement plan agreements (the “SERP Agreements”) with Brian Knepp, President and Chief Financial Officer of the Corporation and Chief Financial Officer of JSSB, and Aron Carter, Senior Vice President and Chief Risk Officer of the Corporation and JSSB.

Under the SERP Agreements, JSSB will make monthly contributions ($4,469 for Mr. Knepp and $2,603 for Mr. Carter) to a deferral account established for each executive officer until the earlier of his separation of service from JSSB, disability, death, or until he reaches age 67. At the discretion of JSSB’s board of directors, JSSB may contribute a greater amount if the executive officer’s performance or the interests of JSSB are best served by making a greater contribution. During the period of the executive officer’s employment, the deferral account will earn interest at a rate equal to 3% per annum, compounded monthly.

Each SERP Agreement provides that, if the executive officer separates from service other than for cause or on account of death or disability (including a separation prior to or after age 67 or before or after a change in control (as defined in the SERP Agreement)), the executive officer will be paid his deferral account balance, calculated as of the date of separation from service, in 180 consecutive monthly installments. In the event of the executive officer’s disability (as defined in the SERP Agreements) prior to age 67, the deferral account balance, calculated as of the date of determination of disability, will be paid in 180 consecutive monthly payments commencing the month following the date of determination of disability.

In the event of the executive officer’s death prior to his separation from service, his disability or a change in control, the Executive’s designated beneficiary would be entitled to payment of an annual benefit in the amount of $126,000 in the case of Mr. Knepp and $66,000 in the case of Mr. Carter for a period of fifteen years, provided that, if the executive’ officer’s deferral account balance exceeds specified amounts at the date of death, the annual benefit for such Executive’s beneficiary will instead be the amount necessary to fully amortize the deferral account balance over the fifteen year payment period with interest credited on the unpaid balance at the rate of 3% per annum. If the executive officer dies subsequent to commencement of payments under the SERP Agreement, amounts that would have been paid to the executive officer had he survived will be paid to his designated beneficiary.

No benefit will be paid if the executive officer’s employment is terminated for “cause” as defined in the SERP Agreements or if the executive officer, in certain circumstances, violates applicable non-competition, non-solicitation, or confidentiality provisions set forth in the SERP Agreements.

The SERP Agreements provide that if any payment under such SERP Agreement would be treated as an “excess parachute payment” under Section 280G of the Internal Revenue Code, the amount of the payments to the executive officer will be reduced to the extent necessary to avoid treating such benefit payment as an “excess parachute payment.” In such case, the executive officer will be entitled to only the reduced benefit and will forfeit any amount exceeding the reduced benefit. Benefits under the SERP Agreements may be delayed to comply with Section 409A of the Internal Revenue Code, and JSSB and the executive officer may amend the SERP Agreement to delay the timing or change form of payment as permitted under Section 409A.

Closing of the Merger under the Merger Agreement with Northwest will result in a separation from service for both Mr. Knepp and Mr. Carter and, accordingly, will result in the payment of benefits to each of them under the terms of their respective SERP agreements.

RETIREMENT PLAN

JSSB maintains a noncontributory defined benefit pension plan for all employees hired prior to January 1, 2004, who meet certain age and length of service requirements. Benefits are based primarily on years of service and the average annual compensation earned by an employee, which is the employee’s annual compensation averaged over the five highest paid consecutive calendar years within the final ten years of employment. Annual compensation is based upon the employee’s W-2 wages, which includes base salary, bonus, personal vehicle mileage for certain executive officers, and life insurance coverage that exceeds $50,000. JSSB's funding policy is consistent with the funding requirements of federal law and regulations. Plan assets are primarily comprised of common stocks and U.S. Government and corporate debt securities. The plan was amended, effective January 1, 2004, to cease eligibility for employees with a hire date of January 1, 2004 or later and the plan ceased accruing additional benefits as of December 31, 2014. Because Messrs. Grafmyre, Knepp, Carter, and Ms. Karas joined JSSB after termination of the pension plan, they are not eligible to participate in the pension plan. Employees with a hire date of January 1, 2004 or later are eligible to receive, after one year of service, an annual contribution by JSSB equal to a discretionary percentage of an employee's base compensation into an account established for the employee under JSSB's 401(k) plan. The accrued normal retirement benefit under the plan is determined by the following formula: 1.4% of the average annual compensation up to Social Security covered compensation multiplied by the credited service, plus 2% of the average annual compensation that is in excess of Social Security covered compensation multiplied by the number of years of credited service.

CHIEF EXECUTIVE OFFICER − PAY RATIO DISCLOSURE

The following pay ratio information is provided in accordance with the requirements of Item 402(u) of SEC Regulation S-K:
For fiscal 2024, the Corporation's last completed fiscal year:

- the annual total compensation of the Corporation's median employee (other than the Chief Executive Officer) was $53,549; and
- the annual total compensation of the Corporation's Chief Executive Officer, Richard A. Grafmyre, was $1,378,991.

Based on this information, the ratio for 2024 of the annual total compensation of the Chief Executive Officer to the median of the annual total compensation of all employees is 26 to 1.

The Corporation identified its median employee for the year ended December 31, 2023. In 2023, the Corporation used wages from its payroll records as reported to the Internal Revenue Service on Form W-2 for fiscal 2023 to determine the median of the annual total compensation of all employees (other than the Chief Executive Officer). In making this determination, the Corporation annualized the compensation of approximately 308 full time and part time permanent employees, with no full time equivalent adjustments for part time employees, of which there were approximately 14. For 2023:

- All elements of the identified median employee's compensation for 2024 were added, resulting in annual total compensation of $53,549.
- The amount reported in the Total column of our 2024 Summary Compensation Table was used for the total annual compensation of the Chief Executive Officer.

POTENTIAL POST-EMPLOYMENT PAYMENTS

Each of the named executive officers would be entitled to certain contractual benefits if their employment terminates under certain circumstances preceding or following a change in control. The agreements are described under the caption "Employment and Change in Control Agreements" included in the Compensation Discussion and Analysis. We calculated the potential post-employment payments due to each of these named executive officers assuming the employment of each named executive officer was terminated either before or after a change in control on December 31, 2024. Actual amounts payable can only be determined at the time of such executive's termination. The following table summarizes the potential payments to Messrs. Grafmyre, Knepp, Carter, and Ms. Karas.

				Before Change in Control		After Change in Control (3)	
		Termination for Death or Disability	Involuntary Termination for Cause	Involuntary Termination without Cause	Voluntary Termination for Good Reason	Involuntary Termination without Cause	Voluntary Termination for Good Reason
Richard A. Grafmyre	Severance (1)	$ —	$ —	$ 2,800,824	$ —	$ 2,230,667	$ 2,230,667
	Welfare continuation (2)	—	—	63,967	—	39,622	39,622
	Value of Accelerated Stock Options	—	—	—	—	574,000	574,000
	Potential reduction in payout due to operation of Code Section 280G	—	—	—	—	—	—
	Total	**$ —**	**$ —**	**$ 2,864,791**	**$ —**	**$ 2,844,289**	**$ 2,844,289**
Brian L. Knepp	Severance (1)	$ —	$ —	$ 258,110	$ —	$ 647,117	$ 647,117
	Welfare continuation (2)	—	—	51,245	—	51,245	51,245
	Value of Accelerated Stock Options	—	—	—	—	596,022	596,022
	Potential reduction in payout due to operation of Code Section 280G	—	—	—	—	—	—
	Total	**$ —**	**$ —**	**$ 309,355**	**$ —**	**$ 1,294,384**	**$ 1,294,384**
Aron M. Carter	Severance (1)	$ —	$ —	$ 163,229	$ —	$ 350,123	$ 350,123
	Welfare continuation (2)	—	—	51,664	—	51,664	51,664
	Value of Accelerated Stock Options	—	—	—	—	146,005	146,005
	Potential reduction in payout due to operation of Code Section 280G	—	—	—	—	—	—
	Total	**$ —**	**$ —**	**$ 214,893**	**$ —**	**$ 547,792**	**$ 547,792**
Michelle M. Karas	Severance (1)	$ —	$ —	$ 163,229	$ —	$ 350,789	$ 350,789
	Welfare continuation (2)	—	—	20,348	—	20,348	20,348
	Value of Accelerated Stock Options	—	—	—	—	146,005	146,005
	Potential reduction in payout due to operation of Code Section 280G	—	—	—	—	—	—
	Total	**$ —**	**$ —**	**$ 183,577**	**$ —**	**$ 517,142**	**$ 517,142**

(1) For severance and welfare continuation payment calculation, and time and form of such payments, see "Employment and Change in Control Agreements." For Mr. Grafmyre, payments resulting from an involuntary termination without cause prior to a "change in control" illustrate continuation of his current base salary and welfare benefits through the remaining term of the contract (April 30, 2028) and payments resulting from an involuntary termination without cause after a "change in control" illustrate a lump-sum cash payment equal to two times the sum of (i) his current base salary and (ii) the average of his last three annual bonuses.

(2) Assumes no increase in the cost of welfare benefits.

(3) Closing of the Merger under the Merger Agreement with Northwest will result in payments to each of the executive officers based on amounts due to them under their respective agreements “after a change in control.” In accordance with applicable SEC rules, the table illustrates potential payments assuming a transaction occurs on December 31, 2024. Actual amounts payable to each of the executive officers upon closing of the Merger will change from the amounts illustrated based on the actual closing date for the Merger.

PAY VERSUS PERFORMANCE

In August 2022, the SEC adopted final rules to implement Section 953(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The following information about the relationship between executive compensation actually paid and certain financial performance of the Corporation is provided pursuant to Item 402(v) of SEC Regulation S-K.

Year (a)	Summary Compensation Table Total for Principal Executive Officer ("PEO")[(1)] (b)	Compensation Actually Paid to PEO[(2)] (c)	Average Summary Compensation Table Total for Non-PEO Named Executive Officers ("NEOs")[(3)] (d)	Average Compensation Actually Paid to Non-PEO NEOs[(4)] (e)	Value of Initial Fixed $100 Investment Based On Total Shareholder Return ("TSR")[(5)] (f)	Net Income[(6)] (g)
2024	$ 1,378,991	$ 2,121,695	$ 322,364	$ 778,396	$ 144.74	$ 17,739,000
2023	1,588,719	1,305,336	356,938	177,180	106.00	16,608,000
2022	1,402,779	1,696,298	457,910	560,318	117.97	17,422,000

(1) The dollar amounts reported in column (b) are the amounts of total compensation reported for Mr. Grafmyre (Chief Executive Officer) for each corresponding year in the "Total" column of the Summary Compensation Table. Refer to "Executive Compensation—Summary Compensation Table."

(2) The dollar amounts reported in column (c) represent the amount of "compensation actually paid" to Mr. Grafmyre, as computed in accordance with Item 402(v) of SEC Regulation S-K. The dollar amounts do not reflect the actual amount of compensation earned by or paid to Mr. Grafmyre during the applicable year. In accordance with the requirements of Item 402(v) of Regulation S-K, the following adjustments were made to Mr. Grafmyre's total compensation for each year to determine the compensation actually paid:

Year	Reported Summary Compensation Table Total for PEO ($)	Reported Value of Equity Awards[(a)] ($)	Equity Award Adjustments[(b)] ($)	Compensation Actually Paid to PEO ($)
2024	$ 1,378,991	$ 70,870	$ 813,574	$ 2,121,695
2023	1,588,719	—	(283,383)	1,305,336
2022	1,402,779	141,244	434,763	1,696,298

(a) The grant date fair value of equity awards represents the total of the amounts reported in the "Option Awards" columns in the Summary Compensation Table for the applicable year.

(b) The equity award adjustments for each applicable year include the addition (or subtraction, as applicable) of the following: (i) the year-end fair value of any equity awards granted in the applicable year that are outstanding and unvested as of the end of the year; (ii) an amount equal to the change as of the end of the applicable year (from the end of the prior fiscal year) in fair value of any awards granted in prior years that are outstanding and unvested as of the end of the applicable year; (iii) for awards that are granted and vest in same applicable year, the fair value as of the vesting date; (iv) for awards granted in prior years that vest in the applicable year, an amount equal to the change as of the vesting date (from the end of the prior fiscal year) in fair value; (v) for awards granted in prior years that are determined to fail to meet the applicable vesting conditions during the applicable year, a deduction for the amount equal to the fair value at the end of the prior fiscal year; and (vi) the dollar value of any dividends or other earnings paid on stock or option awards in the applicable year prior to the vesting date that are not otherwise reflected in the fair value of such award or included in any other component of total compensation for the applicable year. The valuation assumptions used to calculate fair values did not materially differ from those disclosed at the time of grant. The amounts deducted or added in calculating the equity award adjustments are as follows:

Year		Year End Fair Value of Outstanding and Unvested Equity Awards Granted in the Year ($)		Year over Year Change in Fair Value of Outstanding and Unvested Equity Awards Granted in Prior Years ($)		Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Year ($)		Year over Year Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year ($)		Fair Value at the End of the Prior Year of Equity Awards that Failed to Meet Vesting Conditions in the Year ($)		Value of Dividends or other Earnings Paid on Stock or Option Awards not Otherwise Reflected in Fair Value or Total Compensation ($)		Total Equity Award Adjustments ($)
2024	$	202,846	$	384,605	$	—	$	226,123	$	—	$	—	$	813,574
2023		—		(258,008)		—		(25,375)		—		—		(283,383)
2022		215,490		213,273		—		6,000		—		—		434,763

(3) The dollar amounts reported in column (d) represent the average of the amounts reported for our Corporation's named executive officers as a group (excluding Mr. Grafmyre) in the "Total" column of the Summary Compensation Table in each applicable year. The names of each of the named executive officers (excluding Mr. Grafmyre) included for purposes of calculating the average amounts in each applicable year are as follows: for 2023, 2022 and 2021, Mr. Knepp, Mr. Carter, and Ms. Karas.

(4) The dollar amounts reported in column (e) represent the average amount of "compensation actually paid" to the named executive officers as a group (excluding Mr. Grafmyre), as computed in accordance with Item 402(v) of Regulation S-K. The dollar amounts do not reflect the actual average amount of compensation earned by or paid to the named executive officers as a group (excluding Mr. Grafmyre) during the applicable year. In accordance with the requirements of Item 402(v) of Regulation S-K, the following adjustments were made to average total compensation for the named executive officers as a group (excluding Mr. Grafmyre) for each year to determine the compensation actually paid, using the same methodology described in Note 2 above:

Year		Average Reported Summary Compensation Table Total for Non-PEO NEOs ($)		Average Reported Value of Equity Awards ($)		Average Equity Award Adjustments[(a)] ($)		Average Compensation Actually Paid to Non-PEO NEOs ($)
2024	$	322,364	$	36,057	$	492,089	$	778,396
2023		356,938		57,000		(122,758)		177,180
2022		457,910		92,741		195,149		560,318

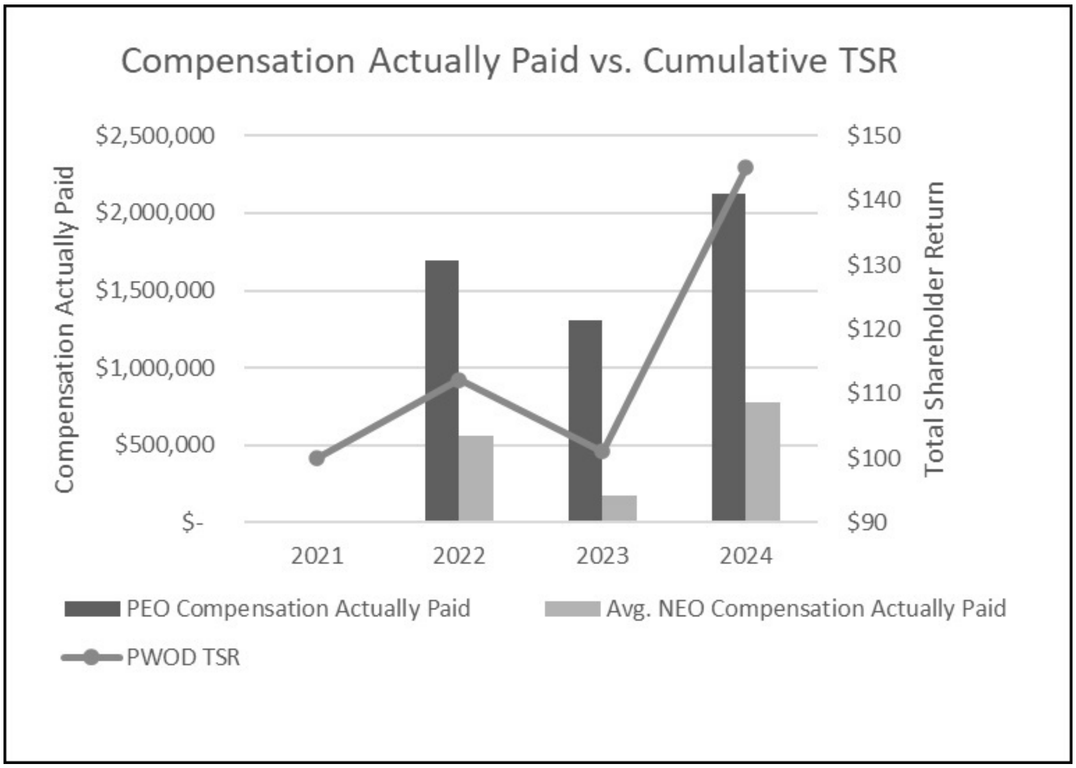
(a) The amounts deducted or added in calculating the total average equity award adjustments are as follows:

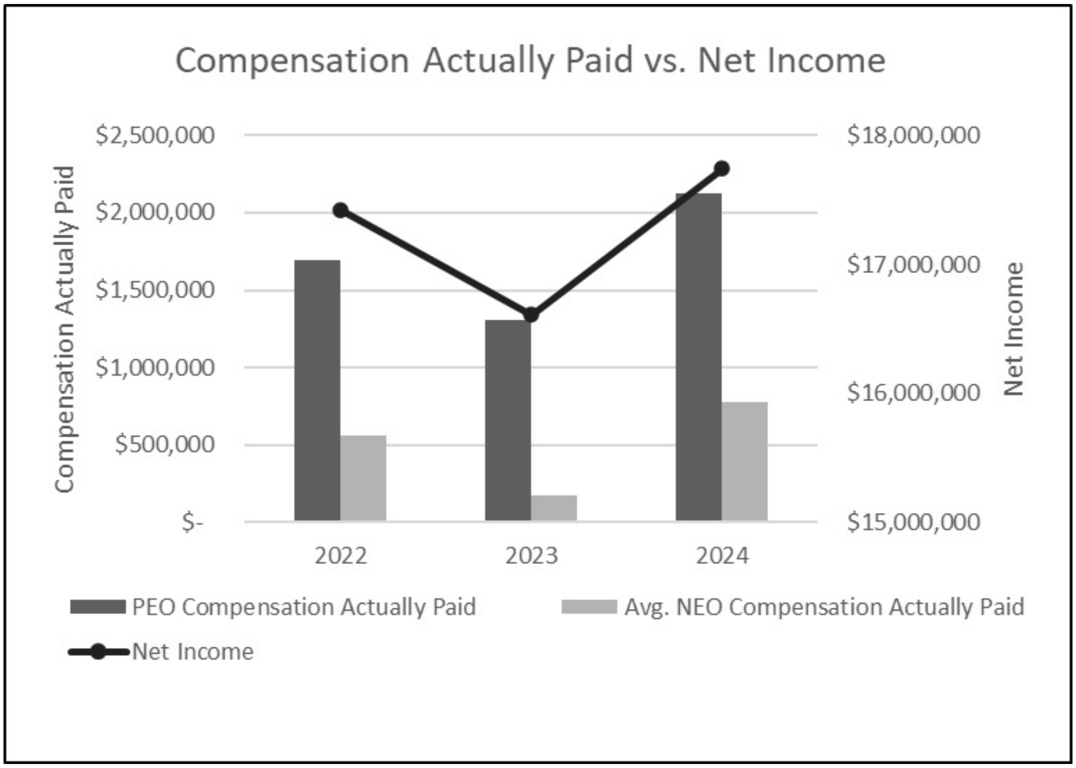
Year		Year End Fair Value of Outstanding and Unvested Equity Awards Granted in the Year ($)		Year over Year Change in Fair Value of Outstanding and Unvested Equity Awards Granted in Prior Years ($)		Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Year ($)		Year over Year Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year ($)		Fair Value at the End of the Prior Year of Equity Awards that Failed to Meet Vesting Conditions in the Year ($)		Value of Dividends or other Earnings Paid on Stock or Option Awards not Otherwise Reflected in Fair Value or Total Compensation ($)		Total Equity Award Adjustments ($)
2024	$	103,202	$	276,960	$	—	$	111,927	$	—	$	—	$	492,089
2023		37,520		(145,695)		—		(14,583)		—		—		(122,758)
2022		141,484		51,165		—		2,500		—		—		195,149

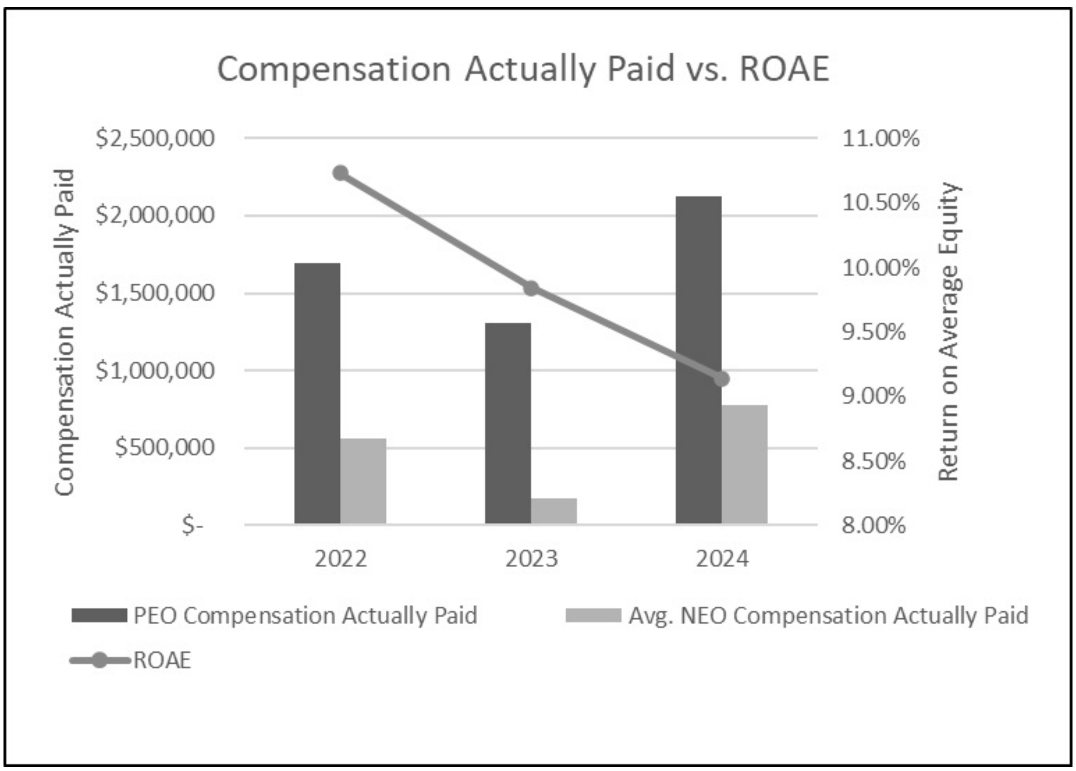
(5) Cumulative TSR is calculated by dividing the sum of the cumulative amount of cash dividends for the measurement period, assuming dividend reinvestment, and the difference between the Corporation's share price at the end and the beginning of the measurement period by the share price at the beginning of the measurement period.
(6) The dollar amounts reported represent the amount of net income reflected in our consolidated audited financial statements for the applicable year.

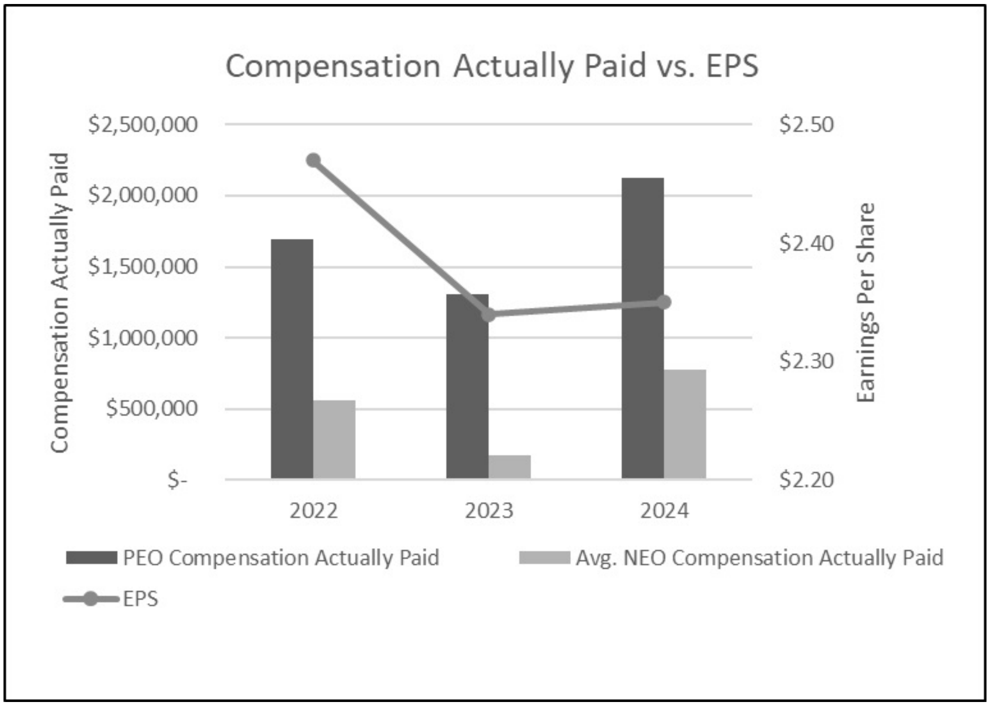
Analysis of the Information Presented in the Pay Versus Performance Table
As described in more detail in our Compensation Discussion and Analysis (CD&A), the Corporation's executive compensation program includes a variable pay-for-performance component by utilizing cash bonuses and stock options. While the Corporation utilizes several performance measures to align executive compensation with the Corporation's performance, all of those measures are not presented in the Pay versus Performance table. Moreover, the Corporation generally seeks to incentivize long-term performance, and therefore does not specifically align the Corporation's performance measures with compensation that is actually paid (as computed in accordance with Item 402(v) of Regulation S-K) for a particular year. In accordance with Item 402(v) of Regulation S-K, the Corporation is providing the following descriptions of the relationships between information presented in the Pay versus Performance table.

The charts below display the relationship between compensation actually paid and cumulative total shareholder return, net income, return on average equity, and earnings per share.




Compensation Actually Paid vs. Net Income
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
Compensation Actually Paid
$18,000,000
$17,000,000
$16,000,000
$15,000,000
Net Income
2022
2023
2024
PEO Compensation Actually Paid
Avg. NEO Compensation Actually Paid
Net Income


Compensation Actually Paid vs. ROAE
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
Compensation Actually Paid
11.00%
10.50%
10.00%
9.50%
9.00%
8.50%
8.00%
Return on Average Equity
2022
2023
2024
PEO Compensation Actually Paid
Avg. NEO Compensation Actually Paid
ROAE



All information provided above under the "Pay Versus Performance Information" heading will not be deemed to be incorporated by reference in any filing of our company under the Securities Act of 1933, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the board of directors who served on the Compensation Committee during the 2024 fiscal year was an officer or employee of the Corporation or any of its subsidiaries. None of our executive officers serves as a member of the board of directors or compensation committee of any other entity that has one or more of its executive officers serving on our board of directors or Compensation Committee.

POLICIES AND PRACTICES FOR GRANTING EQUITY AWARDS

The Corporation historically approves equity awards, if any, under the Corporation's equity incentive plans in January of each year on a date randomly selected, at a Compensation Committee meeting in December of the immediately preceding year. The Corporation does not take material nonpublic information into account when determining the timing or terms of equity awards, except to the extent that the existence of any such material nonpublic information in a particular year could positively affect the value of the awards, in which case the grant of awards would be postponed for that year. The Corporation does not time the disclosure of material nonpublic information for the purpose of affecting executive compensation.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

BENEFICIAL OWNERSHIP AND OTHER INFORMATION REGARDING DIRECTORS, EXECUTIVE OFFICERS, AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of March 1, 2025, information regarding the number of shares and percentage of the outstanding shares of Common Stock beneficially owned by each director, executive officer, and all directors and executive officers as a group, and by each person known by the Corporation to beneficially own 5% or more of the Common Stock. No shares of Common Stock owned by directors or executive officers have been pledged as security.

Executive Officers and Directors	Principal Occupation for Past Five Years	Year First Became a Director	Amount & Nature of Beneficial Ownership		% of Total Shares Outstanding
Daniel K. Brewer	Retired; Former Principal of Brewer and Company, LLC	2012	13,690	(1)	0.18 %
Aron M. Carter	Senior Vice President of the Corporation	N/A	24,349	(2)	0.32 %
Michael J. Casale, Jr.	Chairman of the Board of JSSB, Principal, Michael J. Casale, Jr., Esq., LLC	1999	35,121	(3)	0.46 %
William J. Edwards	President & Owner of JEB Environmental Technologies, Inc.	2012	52,322	(4)	0.69 %
Richard A. Grafmyre	Chief Executive Officer of the Corporation	2010	42,230	(5)	0.55 %
D. Michael Hawbaker	Executive Vice President of Glenn O. Hawbaker, Inc.	2007	12,478	(6)	0.16 %
Michelle M. Karas	Senior Vice President, Secretary, & Chief Data Officer of the Corporation	N/A	18,289	(7)	0.24 %
Cameron W. Kephart	Executive Vice President of Susquehanna Transit Company	2017	9,290	(8)	0.12 %
Brian L. Knepp	President & Chief Financial Officer of the Corporation	2015	57,361	(9)	0.75 %
Charles E. Kranich, II	President of Kranich's Jewelers, Inc.	2019	37,798	(10)	0.50 %
Robert Q. Miller	President and co-owner of Miller Brothers Auto Sales, Inc. and Mor Car Rentals	2019	8,487	(11)	0.11 %
John G. Nackley	President and CEO of InterMetro Industries Corporation	2013	17,304	(12)	0.23 %
R. Edward Nestlerode, Jr.	Chairman of the Board of the Corporation, President and Chief Executive Officer of Nestlerode Contracting Co., Inc.	1995	50,553	(13)	0.66 %
Jill F. Schwartz	Senior Partner of Wyoming Weavers; President of Fortune Fabrics, Inc.; Owner of Gosh Yarn It!	2013	24,000	(14)	0.32 %
All Executive Officers and Directors as a Group (14 persons)			403,272	(15)	5.30 %

(1) Shares held individually.
(2) Includes options to purchase 22,500 shares.
(3) Includes 4,864 shares held individually and 30,257 shares held jointly with his spouse.
(4) Shares held individually.
(5) Includes 41,430 shares held individually and 800 shares held by his spouse.
(6) Includes 6,228 shares held individually and 6,250 shares held jointly with his spouse.
(7) Includes options to purchase 15,000 shares.
(8) Includes 6,678 shares held individually and 2,612 shares held jointly with his spouse.
(9) Includes 34,492 shares held individually, 10,869 shares held jointly with his spouse and options to purchase 12,000 shares.
(10) Shares held individually.
(11) Shares held individually.
(12) Includes 16,304 shares held individually and 1,000 shares held by his spouse.
(13) Includes 25,694 shares held individually, 18,217 shares held jointly with his spouse, 2,977 shares held by his spouse, and 3,665 shares held by Nestlerode Contracting Co., Inc.
(14) Shares held individually.
(15) Includes vested options to purchase 49,500 shares.

Securities Authorized for Issuance Under Equity Compensation Plans

The following tables provide certain information regarding securities issued or issuable under the Corporation's equity compensation plan as of December 31, 2024:

	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity plans (excluding securities reflected in first column)
Equity compensation plan approved by security holders	1,087,300	$ 25.12	95,500
Equity compensation plan not approved by security holders	—	—	—
Total	1,087,300	$ 25.12	95,500

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

CERTAIN TRANSACTIONS

Nasdaq rules require that we conduct an appropriate review of related party transactions for potential conflict of interest situations on an ongoing basis, and all such transactions must be approved by our Audit Committee or another independent body of the board of directors.

Our Code of Ethics and Conflicts of Interest Policy requires all directors, officers, and employees who may have a potential or apparent conflict of interest to notify our Human Resource Director. A potential conflict exists whenever an individual has an outside interest - direct or indirect - which conflicts with the individual's duty to the Corporation or any of its affiliates or adversely affects the individual's judgment in the discharge of his or her responsibilities. Prior to consideration, full disclosure of all material facts concerning the relationship and financial interest of the relevant individuals in the transaction is required The Code of Ethics and Conflict of Interest Policy is available on our website, www.pwod.com, under Investor Relations/Financial Information/Governance Documents and is available on request to the President or the Chief Executive Officer.

To identify related party transactions, each year, we submit and require our directors and officers to complete Director and Officer Questionnaires identifying any transaction with us or any of our subsidiaries in which the officer or director or their family members have an interest.

There have been no material transactions, or any material transactions proposed, between the Corporation and the Banks and any director or executive officer of the Corporation and the Banks, or any associate of the foregoing persons. The Corporation and the Banks have had, and intend to continue to have, banking and financial transactions in the ordinary course of business with directors and officers of the Corporation and their associates on comparable terms and with similar interest rates as those prevailing from time to time for persons not related to or associated with the Corporation.

Total loans outstanding from the Banks at December 31, 2024 to the Corporation's officers and directors as a group, members of their immediate families and companies in which they had an ownership interest of 10% or more was $8,869,000, or approximately 4.32%, of the total equity capital of the Corporation. Loans to such persons were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to the Corporation, and did not involve more than the normal risk of collectability or present other unfavorable features.

ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES

The following sets forth information on information on fees billed to the Corporation by S.R. Snodgrass, P.C. for audit and other services provided to the Corporation for the years ended December 31, 2024 and December 31, 2023.

Audit Fees

The fees for professional services incurred by the Corporation for services rendered by the Auditors in connection with the audit of the Corporation's financial statements for the years ended December 31, 2024 and December 31, 2023, and the review of the Corporation's Forms 10-Q for such fiscal years, were $294,244 and $368,462 respectively. All such services were performed by permanent, full-time employees of S.R. Snodgrass, P.C.

Audit-Related Fees
Audit-Related fees for the performance of the audits of the financial statements of the Corporation's employee benefit plans for the years ended December 31, 2024 and December 31, 2023, were $24,455 and $23,480, respectively.

Tax Fees
Tax fees for the years ended December 31, 2024 and December 31, 2023 resulting from compliance fees for the preparation of original tax returns totaled $30,084 and $28,325, respectively.

All Other Fees
There were other fees billed to the Corporation by S.R. Snodgrass, P.C. for performing information security attack and penetration testing, security awareness training, and social engineering testing for the years ended December 31, 2024 and December 31, 2023 that totaled $27,203 and $26,608 respectively.

Pre-approval of Audit and Permissible Non-Audit Services
The Audit Committee of the board of directors pre-approves all audit and permissible non-audit services provided by the Corporation's independent registered public accounting firm. All of the services provided by S.R. Snodgrass, P.C. set forth above were pre-approved by the Audit Committee.

PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)1. Financial Statements

The following consolidated financial statements and reports are set forth in Item 8:

2. Financial Statement Schedules

Financial statement schedules are omitted because the required information is either not applicable, not required or is shown in the respective financial statements or in the notes thereto.

(b) Exhibits:

(2)(i)	Agreement and Plan of Merger, dated December 16, 2024, by and between Northwest Bancshares, Inc. and Penns Woods Bancorp, Inc. (incorporated by reference to Exhibit 2.1 of the Registrant’s Current Report on Form 8-K filed on December 20, 2024).
(3)(i)	Articles of Incorporation of the Registrant, (incorporated by reference to Exhibit 3(i) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2022).
(3)(ii)	Bylaws of the Registrant (incorporated by reference to Exhibit 3(ii) of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2020).
(4)(i)	Description of Capital Securities.
(10)(i)	Form of First Amendment to the Jersey Shore State Bank Amendment and Restatement of the Director Fee Agreement, dated as of October 1, 2004 (incorporated by reference to Exhibit 10.7 of the Registrant’s Current Report on Form 8-K filed on June 29, 2006).
(10)(ii)	Amended and Restated Employment Agreement, dated as of March 9,2021, between Penns Woods Bancorp, Inc. and Richard A. Grafmyre (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on March 10, 2021).
(10)(iii)	Amended and Restated Employment Agreement, dated as of December 31, 2018, between Penns Woods Bancorp, Inc. and Brian L. Knepp (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on December 31, 2018).
(10)(iv)	Amendment to Employment Agreement, dated July 15, 2022, between Penns Woods Bancorp, Inc. and Richard A. Grafmyre (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on July 21, 2022).*
(10)(v)	Amendment to Employment Agreement, dated July 15, 2022, between Penns Woods Bancorp, Inc. and Brian L. Knepp (incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed on July 21, 2022).*
(10)(vi)	Employment Agreement, dated February 1, 2014, among Penns Woods Bancorp, Inc., Jersey Shore State Bank and Aron M. Carter (incorporated by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016).*
(10)(vii)	Employment Agreement, dated February 1, 2014, among Penns Woods Bancorp, Inc., Jersey Shore State Bank and Michelle M. Karas (incorporated by reference to Exhibit 10.6 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016).*
(10)(viii)	Supplemental Executive Retirement Plan dated as of September 25, 2020, effective September 1, 2020, between Jersey Shore State Bank and Brian Knepp (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on October 1, 2020).*
(10)(ix)	Supplemental Executive Retirement Plan dated as of September 25, 2020, effective September 1, 2020, between Jersey Shore State Bank and Aron Carter (incorporated by reference to Exhibit 10.2 of the Registrant’s Current Report on Form 8-K filed on October 1, 2020).*
(10)(x)	Penns Woods Bancorp, Inc. 2020 Equity Incentive Plan (incorporated by reference to Appendix A to the Registrant's definitive proxy statement filed on March 23, 2020).*
(10)(xi)	Penns Woods Bancorp, Inc. 2020 Non-Employee Director Compensation Plan (incorporated by reference to Appendix B to the Registrant's definitive proxy statement filed on March 23, 2020).*
(10)(xii)	Amendment to Employment Agreement, dated December 12, 2023, between Penns Woods Bancorp, Inc. and Richard A. Grafmyre (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on December 12, 2023.
(10)(xiii)	Amendment to Employment Agreement, dated June 3, 2024, between Penns Woods Bancorp, Inc. and Richard A. Grafmyre (incorporated by reference to Exhibit 10.4 of the Registrant’s Current Report on Form 8-K filed on June 4, 2024).
(19)(i)	Insider Trading Policies and Procedures.
(21)	Subsidiaries of the Registrant.
(23)	Consent of Independent Certified Public Accountants.
(31)(i)	Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Executive Officer.
(31)(ii)	Rule 13a-14(a)/Rule 15d-14(a) Certification of Principal Financial Officer.
(32)(i)	Section 1350 Certification of Chief Executive Officer.
(32)(ii)	Section 1350 Certification of Principal Financial Officer.
(97)	Clawback Policy (incorporated by reference to Exhibit 97 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2023).
Exhibit 101	Interactive data file containing the following financial statements formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheet at December 31, 2024 and December 31, 2023; (ii) the Consolidated Statement of Income for the years ended December 31, 2024, 2023, and 2022; (iii) the Consolidated Statements of Shareholders’ Equity for the years ended December 31, 2024, 2023, and 2022; (iv) the Consolidated Statement of Comprehensive Income for the years ended December 31, 2024, 2023, and 2022; (v) the Consolidated Statement of Cash Flows for the years ended December 31, 2024, 2023, and 2022; and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text. As provided in Rule 406T of Regulation S-T, this interactive data file shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed “filed” or part of any registration statement or prospectus for purposes of Section 11 or 12 under the Securities Act of 1933, or otherwise subject to liability under those sections.

* Denotes compensatory plan or arrangement.

EXHIBIT INDEX

(4)(i)	Description of Capital Securities
(19)(i)	Insider Trading Policies and Procedures.
(21)	Subsidiaries of the Registrant.
(23)	Consent of Independent Certified Public Accountants.
(31)(i)	Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Executive Officer.
(31)(ii)	Rule 13a-14(a)/Rule 15d-14(a) Certification of Principal Financial Officer.
(32)(i)	Section 1350 Certification of Chief Executive Officer.
(32)(ii)	Section 1350 Certification of Principal Financial Officer.
Exhibit 101	Interactive data file containing the following financial statements formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheet at December 31, 2024 and December 31, 2023; (ii) the Consolidated Statement of Income for the years ended December 31, 2024, 2023, and 2022; (iii) the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2024, 2023, and 2022; (iv) the Consolidated Statement of Comprehensive Income for the years ended December 31, 2024, 2023, and 2022; (v) the Consolidated Statement of Cash Flows for the years ended December 31, 2024, 2023, and 2022; and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text. As provided in Rule 406T of Regulation S-T, this interactive data file shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed "filed" or part of any registration statement or prospectus for purposes of Section 11 or 12 under the Securities Act of 1933, or otherwise subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 13, 2025	PENNS WOODS BANCORP, INC.
	/s/ Richard A. Grafmyre
	Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/ Richard A. Grafmyre Richard A. Grafmyre, Chief Executive Officer and Director (Principal Executive Officer)	March 13, 2025
/s/ Brian L. Knepp Brian L. Knepp, President and Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 13, 2025
/s/ R. Edward Nestlerode, Jr. R. Edward Nestlerode, Jr., Chairman of the Board	March 13, 2025
/s/ Daniel K. Brewer Daniel K. Brewer, Director	March 13, 2025
/s/ Michael J. Casale, Jr. Michael J. Casale, Jr., Director	March 13, 2025
/s/ William J. Edwards William J. Edwards, Director	March 13, 2025
/s/ D. Michael Hawbaker D. Michael Hawbaker, Director	March 13, 2025
/s/ Cameron W. Kephart Cameron W. Kephart, Director	March 13, 2025
/s/ Charles E. Kranich, II Charles E. Kranich, III, Director	March 13, 2025
/s/ Robert Q. Miller Robert Q. Miller, Director	March 13, 2025
/s/ John G. Nackley John G. Nackley, Director	March 13, 2025
/s/ Jill F. Schwartz Jill F. Schwartz, Director	March 13, 2025

Exhibit 4(i)

DESCRIPTION OF CAPITAL STOCK

As of March 1, 2025, Penns Woods Bancorp, Inc. (the "Corporation") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: common stock, $5.55 par value per share (the "Common Stock"). The following summarizes the provisions of the Common Stock under the articles of incorporation and bylaws of the Corporation and under the provisions of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"). The summary should be read in conjunction to the complete text of the articles of incorporation and bylaws and the PBCL.

Authorized Shares of Capital Stock

The authorized capital stock consists of 22,500,000 shares of Common Stock and 3,000,000 shares of preferred stock. As of February 19, 2025, there were 7,612,878 shares of Common Stock issued and outstanding. No shares of preferred stock were issued and outstanding as of March 1, 2025.

Common Stock

Voting Rights

Holders of Common Stock are entitled to one vote for every share having voting power on all matters submitted for action by the shareholders. Holders of Common Stock do not have cumulative voting rights in the election of directors. The Corporation's articles of incorporation provide that a merger, consolidation, liquidation, or dissolution of the Corporation requires the affirmative vote of 66-2/3% of our outstanding shares of Common Stock, in addition to any vote required by law. This provision does not apply to any merger, consolidation, liquidation, or dissolution of the Corporation nor any action that would result in the sale or other disposition of all or substantially all of the assets of the Corporation if any such transaction or action is approved by the affirmative vote of seventy-five percent (75%) or more of the members of the Board of Directors. This provision also does not apply to any merger, consolidation, share exchange or similar transaction if (i) members of the Corporation's board of directors will constitute at least a majority of the of the board of directors or the surviving or new corporation or entity immediately after the transaction and (ii) shareholders of the Corporation will hold in the aggregate voting shares of the surviving or new corporation or entity to be outstanding immediately after completion of the transaction entitled to cast at least a majority of the votes entitled to be cast generally for the election of directors.

Dividends and Distributions

Holders of Common Stock are entitled to receive dividends ratably if, as and when dividends are declared from time to time by our board of directors out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, if any.

Ranking

Upon liquidation, dissolution or winding up, the holders of Common Stock are entitled to receive ratably the assets available for distribution to the shareholders after payment of liabilities and accumulated and unpaid dividends and liquidation preferences on outstanding preferred stock, if any.

No Conversion Rights; No Preemptive Rights; No Redemption

Holders of Common Stock have no preemptive or conversion rights and are not subject to further calls or assessment by the Corporation. There are no redemption or sinking fund provisions applicable to the Common Stock. The rights, preferences and privileges of holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock, which our board of directors may designate and issue in the future without further shareholder approval.

Stock Exchange Listing

The Common Stock is listed on the Nasdaq Global Select Market under the symbol, "PWOD."

Fully Paid and Nonassessable

Outstanding shares of Common Stock are validly issued, fully-paid and nonassessable.

Preferred Stock

The Corporation's articles of incorporation authorize the board of directors to fix by resolution the voting rights, designations and preferences, priorities, qualifications, privileges, limitations, restrictions, options, conversion rights, dividend features, retirement features, liquidation features, redemption features and other special or relative rights of the preferred stock and any series thereof. The board of directors has full authority to issue authorized preferred stock from time to time in one or more series, without further shareholder approval.

Anti-Takeover Provisions

Certain provisions of the Corporation's articles of incorporation, bylaws and the PBCL may have the have the effect of delaying, deferring, or preventing a change in control of the Corporation:

Pennsylvania Anti-Takeover Provisions

Certain anti-takeover provisions of the PBCL apply to Pennsylvania registered corporations (e.g., publicly traded companies) including those relating to (1) control share acquisitions, (2) disgorgement of profits by certain controlling persons, (3) business combination transactions with interested shareholders, and (4) the rights of shareholders to demand fair value for their stock following a control transaction. Pennsylvania law allows corporations to opt-out of these anti-takeover sections under certain circumstances, but the Corporation has not opted out of any of these anti-takeover provisions. A general summary of these applicable anti-takeover provisions is set forth below.

Control Share Acquisitions. Pennsylvania law regarding control share acquisitions relates to the act of acquiring for the first time voting power over voting shares (other than (i) shares owned continuously by the same natural person since January 1, 1988, (ii) shares beneficially owned by any natural person or trust, estate, foundation or similar entity to the extent such shares were acquired solely by gift, inheritance, bequest, device or other testamentary distribution, directly or indirectly, from a natural person who beneficially owned the shares prior to January 1, 1988 or (iii) shares acquired pursuant to a stock split, stock dividend or similar distribution with respect to shares that have been beneficially owned continuously since their issuance by the Corporation by the shareholder that acquired them from the Corporation or that were acquired from such shareholder pursuant to (ii) above) equal to: (a) at least 20% but less than 33 1/3%; (b) at least 33 1/3% but less than 50%; or (c) 50% or more of the voting power of the corporation. Once a control share acquisition has occurred, then all shares in excess of the triggering threshold, plus shares purchased at any time with the intention of acquiring such voting power or shares purchased within 180 days of the date the triggering threshold was exceeded, are considered control shares. Control shares cannot vote either until their voting rights have been restored by two separate votes of the shareholders, as described below, or until they have been transferred to a person who is not an affiliate of the transferor and does not thereby also become the holder of control shares.

The holder of control shares may wait until the next annual or special meeting after the acquisition took place to submit the question of the restoration of voting rights to the shareholders, or the acquiring person may accelerate the process by agreeing to underwrite the cost of a special meeting of shareholders for that purpose. In either case, the acquiring person is required to furnish for distribution to the shareholders an information statement containing a detailed disclosure concerning the acquiring person, its intentions with respect to ownership of securities of the corporation and other matters. As an alternative, a person submitting a bona fide written offer to make a control share acquisition may request prospective approval by the shareholders of the exercise of the voting rights of the shares proposed to be acquired, provided that the control share acquisition is consummated within 90 days after shareholder approval is obtained. Two shareholder votes are required to approve the restoration of voting rights. First, the approval of a majority of all voting power must be obtained. Second, the approval of a majority of all disinterested shareholders must be obtained.

For a period of 24 months after the later of (a) a control share acquisition by an acquiring person who does not properly request consideration of voting rights, or (b) the denial of such a request or lapse of voting rights, the corporation may redeem all the control shares at the average of the high and low public market sales price of the shares on the date notice of the call for redemption is given by the corporation.

Disgorgement of Profits by Certain Controlling Persons. Pennsylvania law regarding disgorgement of profits by certain controlling persons applies in the event that (a) any person or group directly or indirectly publicly discloses or causes to be disclosed that the person or group may seek to acquire control of the corporation, or (b) a person or group acquires, offers to acquire or directly or indirectly publicly discloses or causes to be disclosed an intent to acquire) 20% or more of the voting power of the corporation and, in either case, sells shares within 18 months thereafter. Any profits from sales of equity securities of the corporation received by the person or group during such 18-month period will belong to the corporation if the securities that were sold were acquired during the 18-month period after or within 24 months prior to becoming a controlling person.

Business Combination Transactions with Interested Shareholders. Pennsylvania law regarding business combination transactions with interested shareholders provides that a person who acquires the direct or indirect beneficial ownership of shares entitled to cast at least 20% of the votes entitled to be cast for the election of directors or an affiliate or associate of the corporation who at any time within the prior five years was the beneficial owner, directly or indirectly, of 20% of the voting shares of the corporation is an "interested shareholder." A corporation subject to this provision may not effect mergers or certain other business combinations with the interested shareholder for a period of five years, unless:

- the business combination or the acquisition of stock by means of which the interested shareholder became an interested shareholder is approved by the corporation's board of directors prior to such stock acquisition;
- the business combination is approved by the affirmative vote of the holders of all the outstanding common shares of the corporation; or
- the business combination is approved by the affirmative vote of the holders of a majority of all shares entitled to vote, excluding votes of shares held by the interested shareholders or their affiliates, and at the time of such vote, the interested shareholder is the beneficial owner of at least 80% of the voting shares of the corporation. This exception applies only if the value of the consideration to be paid by the interested shareholder in connection with the business combination satisfies certain fair price requirements.

After the five-year restricted period, an interested shareholder of the corporation may engage in a business combination with the corporation if (a) the business combination is approved by the affirmative vote of a majority of the shares other than those beneficially owned by the interested shareholder and its affiliates, or (b) the merger is approved at a shareholders meeting and certain fair price requirements are met.

Rights of Shareholders to Demand Full Value for their Stock Following Control Transaction. Under Pennsylvania law, a control transaction is an acquisition by a person or group of the voting power over at least 20% of the voting shares of the corporation. Subject to exceptions, if a Pennsylvania registered corporation is subject to a control transaction, the controlling person or group must provide prompt notice of the transaction to the court and each shareholder of record holding voting shares. Any holder of voting shares may make a written demand on the controlling person or group for payment in cash of the fair value of each voting share at the date on which the control transaction occurs. The minimum value that a shareholder can receive is the highest price paid per share by the controlling person or group within the 90-day period ending on and including the date of the control transaction. If any shareholder believes the fair value of her shares is higher than the price offered by the controlling person or group, the shareholder may file a petition with the court seeking appraisal of the shares.

Blank Check Preferred Stock

The articles of incorporation provide for the issuance of preferred stock having terms established by the Corporation's board of directors without shareholder approval.

Staggered Board of Directors

The articles of incorporation provide for the classification of the board of directors into three classes with each class serving a staggered three-year term. As a result of this classification, only one third of the entire board of directors stands for election in any one year and a minimum of two annual meetings would be required to elect a majority of the board of directors.

Calling of Special Meetings of Shareholders

Pursuant to the bylaws, special meetings of shareholders may only be called by the Chairman of the Corporation's board of directors, by the Corporation's board of directors, or by the President of the Corporation.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

The bylaws provide that notice of any proposal by a shareholder which the shareholder desires to submit to a vote at an annual meeting, including any director nominations, must made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than ninety (90) days nor more than one hundred and fifty (150) days prior to any annual meeting of shareholders. The bylaws also specify requirements as to the contents of the shareholder's notice or nomination. If notice is not provided in accordance with these provisions, a shareholder's proposal will not appear on the meeting agenda.

Removal of Directors

Under Pennsylvania law and the Corporation's articles of incorporation, directors can be removed from office by a vote of shareholders only for cause.

Board of Directors May Oppose Any Take-Over Offer

The articles of incorporation provide that the board of directors may, if it deems it advisable, oppose a tender, or other offer for the Corporation's securities, whether the contemplated payment is in cash or in the securities of a corporation, or some other form of consideration. When considering whether to oppose an offer, the board of directors may consider any pertinent issues, including any or all of the following:

- whether the offer price is acceptable based on the historical and present operating results or financial condition of the Corporation;
- whether a more favorable price could be obtained for the Corporation's securities in the future;
- the impact which an acquisition of the Corporation would have on the employees, depositors and customers of the Corporation and its subsidiaries in the community which they serve;
- the reputation and business practices of the offeror and its management and affiliates as they would affect the employees, depositors and customers of the Corporation and its subsidiaries and the future value of the Corporation's stock;
- the value of the securities (if any) which the offeror is offering in exchange for the Corporation's securities, based on an analysis of the worth of the Corporation as compared to the corporation or other entity whose securities are being offered; and
- any antitrust or other legal and regulatory issues that are raised by the offer.

If the board of directors determines that an offer should be rejected, it may take any lawful action to accomplish its purpose including:

- advising shareholders not to accept the offer;
- litigation against the offeror;
- filing complaints with governmental and regulatory authorities;
- acquiring the authorized but unissued securities or treasury stock or granting options with respect thereto;
- acquiring a Corporation to create an antitrust or other regulatory problem for the offeror; and
- obtaining a more favorable offer from another individual or entity.

Amendments to Articles of Incorporation

Under the PBCL, an amendment to the articles of incorporation requires, except in limited cases where a greater vote may be required, the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the matter and the affirmative vote of a majority of the votes cast by all shareholders within each class or series of shares if such class or series is entitled to vote on the matter as a class. The PBCL also provides that our shareholders are not entitled by statute to propose amendments to the articles of incorporation.

The articles of incorporation provide that, in addition to any affirmative vote required by law, the approval of any amendment to Article 13 (business combinations) of the articles of incorporation requires the affirmative vote of holders of at least 66-2/3% of the outstanding shares of voting stock.

Amendments to Bylaws

The bylaws provide that our bylaws may be amended or repealed, in whole or in part, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board of directors. The PBCL provides that the ability of our board of directors to adopt, amend or repeal the bylaws is subject to the power of shareholders to change such action. The PBCL also provides that the board of directors does not have the authority to adopt or change a bylaw on specified subjects, including, but not limited to, authorized capital, the personal liability of directors, various matters relating to our board of directors, and matters relating to the voting rights of shareholders.

Exhibit 19(i)

PENNS WOODS BANCORP, INC.

POLICY ON MATERIAL NONPUBLIC INFORMATION AND PERSONAL INVESTING FOR DIRECTORS, OFFICERS AND EMPLOYEES

Board Approval: PWB February 13, 2024, JSSB February 13, 2024; Luzerne February 22, 2024

Penns Woods Bancorp, Inc.

POLICY ON MATERIAL NONPUBLIC INFORMATION AND PERSONAL INVESTING FOR DIRECTORS, OFFICERS AND EMPLOYEES

This Policy has been adopted by the Board of Directors, and is applicable to all directors, officers and employees of Penns Woods Bancorp, Inc. and its subsidiaries.

INTRODUCTION

In the course of their employment with Penns Woods Bancorp, Inc. (“Bancorp”) and/or its subsidiaries (collectively with Bancorp, “Penns Woods”), directors, officers and employees may come into possession of confidential and highly sensitive information concerning Penns Woods, our customers or other corporations with which we may have contractual relationships or may be negotiating transactions. Such information has a potential for affecting the market price of securities issued by the corporations involved. Under some circumstances, federal securities laws impose potentially onerous civil and criminal penalties on persons who, in connection with a purchase or sale of securities, improperly obtain or use material nonpublic information about the issuance of or market for such securities. In addition, other provisions of the federal securities laws may apply to directors, officers and employees of Penns Woods during the course of their employment.

I. THE NEED FOR A POLICY STATEMENT

Buying or selling securities while in possession of “material nonpublic information” (as defined herein), or improperly disclosing such information, are commonly known as “insider trading” or “tipping,” respectively, and may constitute fraud in violation of the federal and state securities laws and other legal and regulatory requirements. In recent years, the Securities and Exchange Commission (“SEC”) and the U.S. Attorneys Office have been vigorously pursuing violations of insider trading laws. Prosecutions have ranged from high profile individuals to proofreaders and word processors in law offices to directors and officers of public corporations and to brokers and dealers. In 1988, to further deter insider trading violations, Congress adopted the Insider Trading and Securities Fraud Enforcement Act (the “1988 Act”), which expanded the authority of the SEC and the Justice Department. In addition to increasing the penalties for insider trading, the 1988 Act puts the onus on companies and possibly other “controlling persons” for violations by company personnel. The scope of penalties applicable to securities law violations was broadened by the Securities Enforcement Remedies and Penny Stock Reform Act of 1990 and the Sarbanes-Oxley Act of 2002.

Therefore, we are adopting this Policy and implementing the procedures detailed herein to avoid even the appearance of improper conduct on the part of our directors, officers and employees.

In addition, numerous provisions in the Securities Act of 1933 (the “1933 Act”) and the Securities Exchange Act of 1934 (the “1934 Act”) and the rules and regulations thereunder can apply to purchases and sales of common stock of Bancorp by officers, directors, and employees of Penns Woods. This Policy sets forth, in general terms, certain limitations imposed under the 1933 Act and the 1934 Act, including a discussion of the specific application of Sections 16(a) and (b) of the 1934 Act on acquisitions and dispositions of securities by Penns Woods’s directors and officers.* We have included, where relevant, a discussion of Sections 16(a) and (b) implications of acquisitions and dispositions of securities under employee benefit plans to facilitate timely filing of the reports required under Section 16(a) by officers, directors and 10% shareholders.

You should also note that violations of the securities law may give rise to violations of various federal banking statutes and penalties thereunder.

Each person covered by this Policy is expected to be familiar with its contents, to keep it in an appropriate place for easy reference, and to comply fully with the policies and procedures contained herein. The importance of this Policy cannot be over-emphasized. If you have any questions whatsoever regarding the meaning or application of any provision of this Policy, please contact Richard Grafmyre, Chief Executive Officer of Bancorp, or Brian L. Knepp, President of Bancorp. In addition, all breaches of this Policy must be reported immediately to the Chief Executive Officer or the President of Bancorp.

I. CONSEQUENCES OF VIOLATING INSIDER TRADING PROSCRIPTIONS AND THIS POLICY

The consequences of insider trading violations can be staggering:

i. For the individual violator:

1. Civil.

a. As part of an injunctive proceeding, the SEC may seek a civil penalty equal to three times the “profit gained” or “loss avoided.” The SEC may also seek this penalty if nonpublic information is "tipped" to someone who then purchases or sells stock of Penns Woods.

b. If an insider takes advantage of material nonpublic information, the purchaser or seller can seek to recover the "profit" (i.e., the difference in the price of the stock if the information had been public) from the transaction.

c. The SEC is also authorized to seek substantial civil penalties against individuals for violations of the 1934 Act, including for insider trading violations.

2. Criminal.

a. Penalties include fines not to exceed $5,000,000 and imprisonment of up to twenty years.

b. For subsequent violations, an insider may be found in civil or criminal contempt. Contempt may involve imprisonment and/or fines.

ii. For Bancorp (and possibly any "controlling person") which fails to take appropriate steps to prevent illegal trading by its personnel:

1. A civil penalty of the greater of $1 million or three times the profit gained or loss avoided as a result of the employee's violation; and

2. A criminal penalty of up to $25 million.

Violations of the antifraud provisions of the federal securities laws may also constitute "violations of law" sufficient to trigger a violation of a number of federal banking laws which could result in the imposition of additional penalties.

Moreover, sanctions imposed by Penns Woods, including dismissal for cause, could result from failing to comply with the policies or procedures contained herein. Disciplinary action can also be taken against those employees who have knowledge of a violation of this Policy but fail to report the violation and against those who withhold relevant and material information concerning a violation of this Policy. Needless to say, any of the above consequences, even an SEC investigation which does not result in prosecution, can tarnish reputations and damage careers.

I. SUMMARY OF POLICIES AND PROCEDURES

This Policy reflects, in part, the foregoing statutory changes and imposes the following procedures:

i. Directors, officers and employees of Penns Woods must not (i) buy or sell Bancorp securities while in possession of material nonpublic information, (ii) recommend or suggest that anyone else buy, sell or retain Bancorp securities while in possession of material nonpublic information, or (iii) "tip" or otherwise disclose material non-public information about Penns Woods. This includes non-public information relating to results of operations, the identity of possible merger or acquisition targets, disagreements or disputes among directors and the pendency of legal or potential legal proceedings.

ii. Trading in Bancorp securities is prohibited during certain "black-out periods" (as detailed herein) for all directors and designated officers.

iii. Directors and designated officers of Penns Woods must obtain clearance from the Chief Executive Officer or the President of Bancorp prior to trading Bancorp securities in any "Personal" or "Related" securities accounts (as defined below).

iv. Directors and executive officers of Bancorp must comply with the provisions of Section 16 of the 1934 Act, including, but not limited to, the provisions relating to (i) "short-swing" profits, (ii) short sales and (iii) reporting requirements.

v. Directors and executive officers of Bancorp must comply with the provisions of Rule 144 of the 1934 Act, relating to restrictions on the sale of Penns Woods stock.

vi. Directors, officers and employees of Bancorp must comply with the provisions of Section 13 of the 1934 Act, relating to beneficial ownership reporting requirements for 5% shareholders.

vii. Directors, officers and employees of Penns Woods must comply with all other provisions of the federal securities laws to the extent applicable to such persons.

II. DEFINITIONS

The following definitions apply to the policies and procedures detailed herein:

i. Securities - are defined very broadly under the federal securities laws and include any stock, note, bond, debenture, certificate of interest or participation in any profit-sharing agreement, investment contract, voting-trust certificate, certificate of deposit, warrant, or any put, call, straddle or option or privilege on any security, or in general, any instrument commonly known as a security.

ii. Material Information - Information is material if it is likely to affect the market price of a specific security and there is a substantial likelihood that a reasonable investor would attach importance to it in deciding whether to buy, sell or hold such security. Information may be material even if it relates to speculative or contingent events, and whether the information is obtained or generated from inside or outside Penns Woods is not relevant. Depending on the circumstances, examples could include information about contemplated mergers or acquisitions, tender offers or exchange offers, proposed recapitalizations, pending material litigation, business and capital expenditure plans, proposed divestitures, sale or purchase of assets, plans for issuance or redemption of securities, forthcoming research reports, changes in dividend policy, earnings or earnings estimates or changes in previously released earnings or earnings estimated, changes in management, financial liquidity problems or other information about customers or suppliers, improprieties within a company, or government investigations, inquiries and/or enforcement actions.

iii. Nonpublic Information - Information is nonpublic until it has been widely disclosed to the general public. Unless information has been publicly disclosed (such as by means of a press release carried over a major news service, in a major news publication, in a public filing made with a regulatory agency, or in materials sent to shareholders) and the market has had sufficient time to absorb and react to the information, it should be assumed that the information is nonpublic. Officers, directors and other insiders should wait some period of time after a major disclosure before trading. As a general rule, trades should be avoided for two full days following major news announcements. If circumstances (e.g., a complex transaction) indicate that a longer period for public dissemination may be necessary, trades should be avoided until such time period has passed.

It should be assumed that information obtained in the course of your employment is nonpublic. The fact that rumors may be circulating, even if they are widespread, does not mean that the information is public and does not relieve you from the obligation to treat the information as nonpublic.

In the regular course of business, you may receive material nonpublic information not only about Penns Woods but also about our customers which would be important to persons buying or selling securities of such customers.

In addition, nonpublic information about Penns Woods' activities which could affect the market price of Bancorp securities, such as information about current or projected earnings, competitive position, proposed products and confidential plans and activities also material nonpublic information.

This Policy cannot possibly list all types of information which could be considered material nonpublic information, as materiality often depends upon the totality of the circumstances. Accordingly, the Policy does not specifically draw a line between legal and illegal practice under the laws governing the misuse of material nonpublic information, which is one of the most complex areas of law.

i. Personal and Related Accounts - A Personal Account is any securities account held by you or any account in which you have a direct or indirect beneficial interest and ability to influence transactions (e.g., joint accounts, co-trustee accounts, partnerships, investment clubs, etc.) A Related Account means any securities account of a director's, officer's or employee's (i) spouse, (ii) minor children, (iii) other household members, and (iv) any other account subject to a director's, officer's or employee's discretion or control (e.g., custodial and trust accounts, etc.). The definition of both Personal and Related accounts includes Pension Plan Accounts, IRA's, 401(k), Keogh accounts, or similar accounts in which self-directed securities transactions may be effected. Excluded from the definition of Personal and Related Accounts are discretionary accounts (i.e., accounts over which a broker has absolute trading discretion). Discretionary accounts are only accounts in which the broker has been given advance authority to effect trades on behalf of the customer without prior consultation with or approval by the customer. Obviously, the customer would not be in a position to know that a trade has been effected until it has been completed. On the other hand, if a broker consults with the customer for advice or approval before effecting the trade, the account is not truly discretionary and the procedures detailed below will apply to such Personal and Related Account.

III. POLICY PROHIBITING THE MISUSE OF MATERIAL NONPUBLIC INFORMATION

i. Restrictions.

The following restrictions apply in connection with possession of material nonpublic information:

1. Directors, officers and employees of Penns Woods must not buy or sell Bancorp securities, or any other corporation (including specifically an acquisition target), while in possession of material nonpublic information obtained in the course of employment with Penns Woods or otherwise.
2. Directors, officers and employees of Penns Woods must not recommend or suggest that anyone else (including family or household members or friends or a broker or dealer)

buy, sell or retain Bancorp securities or any other corporation while in possession of material nonpublic information obtained in the course of employment with Penns Woods or otherwise.

3. Directors, officers and employees of Penns Woods must not disclose ("tip") material nonpublic information obtained through employment with Penns Woods or otherwise, including proprietary information about Penns Woods or information that could affect Bancorp securities, as well as information about customers or merger or acquisition targets of Penns Woods, to anyone inside or outside Penns Woods, except when disclosure to other Penns Woods employees and representatives of Penns Woods is necessary to enable such employees or representatives to carry out their duties properly and effectively (in which case the person disclosing such information should make it clear that the information is confidential). Directors, officers and employees should be particularly careful in connection with communications with brokers and/or dealers or others with a nexus to the investment or securities industries.

ii. Equity Incentive Plans.

1. The receipt of an award under an equity incentive plan, including grant of an option or an award of restricted stock, in most cases, will not raise any insider trading concerns.
2. The exercise of an option or the vesting of a restricted stock or other award generally will not raise any insider trading issues. The sale of shares in connection with a broker-assisted cashless exercise of stock options (which involves a market sale of a portion of the shares covered by the option to pay the exercise price and/or applicable taxes), however, would be subject to the trading restrictions set forth in this Policy.
3. As with any other sale of stock, stock obtained from exercising an option or the vesting of a restricted stock or other award cannot be sold while in possession of material nonpublic information. At any time, however, the holder of an option or other award may deliver Bancorp stock already owned to pay the option exercise price and/or taxes to the extent permitted under the applicable plan.

iii. Employee Stock Purchase Plan ("ESPP").

1. Purchase of shares of Bancorp common stock by means of payroll deductions through pre-existing elections under the Employee Stock Purchase Plan generally will not raise any insider trading concerns.
2. Stock purchased through payroll deductions under the ESPP cannot be sold while in possession of material nonpublic information.

iv. Director Fee Plan.

1. Stock issued to participants in a director fee plan, pursuant to which directors are required or permitted to elect to receive a portion of their annual fees for service as a director in the form of stock, generally will not raise any insider trading concerns.
2. Stock received under a director fee plan cannot be sold while in possession of material nonpublic information.

IV. PROCEDURES FOR AND RESTRICTIONS ON TRADING IN SECURITIES

i. Trading Restrictions With Respect to Bancorp Securities.

1. "Blackout Periods" During Which Trading In Bancorp Securities is Prohibited.

All directors and designated officers of Penns Woods are prohibited from purchasing or selling Bancorp securities for a Personal or Related Account during four periods of the year, commencing with the day which is the 15th day prior to the end of a fiscal quarter (i.e., the 15th of March, June, September and December) and ending two (2) business days after the public release by Bancorp of the results of operations for such fiscal quarter (or for the full year in respect of the fourth fiscal quarter). Bancorp may also institute temporary blackout periods in the event of a material corporate development or as otherwise required by law. Notice of temporary blackout periods will be distributed by means of a written or electronic communication specifying the duration of the blackout period and the persons subject to it. For example, a temporary blackout period may be instituted from the date of an event requiring a Form 8-K filing until the date that the Form 8-K is filed with the Securities and Exchange Commission. The Chief Executive Officer of Bancorp may grant exceptions to such prohibition upon request where the person making the request is not in possession of material nonpublic information, if the grant of such exception would be permitted by law, would not be in contravention of the purposes of this Policy, and the applicant's personal circumstances warrant the grant of such exception.

This rule applies to all purchases and sales of Bancorp securities, whether held directly or held in street name accounts with brokers or banks. It also applies to signing up for, or increasing or decreasing levels of participation in, any plan that provides for investment in Bancorp securities.

1. Pre-clearance of Transactions In Bancorp Securities.

Directors, officers and employees, in addition to observing the blackout periods, may not purchase or sell Bancorp securities for their own Personal and Related Accounts at any time during the year if such person has knowledge of material nonpublic information concerning Penns Woods or its subsidiaries.

To avoid inadvertent violations of this policy and/or applicable law, each purchase or sale of Bancorp securities by directors or designated officers must be cleared in advance of the purchase or sale with the Chief Executive Officer or the President of Bancorp. The limitations of the blackout periods do not apply to trading in Bancorp securities pursuant to a "written plan for trading securities" provided that such plan meets the requirements of SEC Rule 10b5-1 and is approved in advance by Bancorp's Board of Directors.

I. OBLIGATION TO REPORT VIOLATIONS

The improper use or unauthorized disclosure of material nonpublic information and/or breaches of this Policy can inflict great damage upon Penns Woods and its employees. Therefore it is an obligation of every employee who becomes aware of such improper use or disclosure of material nonpublic information or material breaches of this Policy to promptly communicate the relevant facts to the Chief Executive Officer of Bancorp.

I. SECTION 16(a) OF THE 1934 ACT – OWNERSHIP REPORTING REQUIREMENTS

NOTE: Section VIII of this Policy only applies to Bancorp directors and specified officers, and holders of 10% or more of Bancorp equity securities.

i. Initial Reports (Form 3).

1. Officers and directors (but not those of affiliates, unless they are also Bancorp officers or directors) and 10% shareholders must complete and file a Form 3, indicating the number of shares of equity securities and "derivative securities" of Bancorp owned either directly or beneficially. The report must be filed with the Securities and Exchange Commission electronically through the SEC's EDGAR system.

Individual officers, directors and 10% shareholders, rather than Bancorp, have the legal obligation to file these reports.

1. A Form 3 must be filed within 10 days after a person becomes an officer or director of Bancorp.
2. Beneficial ownership for reporting and short-swing liability purposes is based on whether a person has or shares a direct or indirect pecuniary interest in Bancorp equity securities. A person may be deemed to have a pecuniary interest in:
   a. Stock owned by immediate family members living in the same home.
   b. The pro rata portion of the portfolio stock owned by a general or limited partnership, in which the person is a general partner, in proportion to the greater of such partner's capital account or interest in the profits of the partnership.
   c. Stock owned by a trust in which the person, as trustee, has investment control over the stock held by the trust and the person, or a member of his immediate family has an interest in the corpus of the trust.* In certain cases, the trust may have a separate reporting obligation.
   d. Stock owned by a corporation of which the person is a control person or has or shares investment control over the corporation's portfolio securities.
   e. Stock in a portfolio based upon the performance of which a person receives a fee, subject to certain exceptions.
3. "Derivative securities" include stock options, convertible securities or similar rights with an exercise or conversion privilege at a price related to, or similar securities (including "put" and "call" options) with a value derived from the value of Bancorp's securities.
4. The term "officer" is generally limited to high-ranking company officials in policy-making positions. This means the president, principal financial officer, principal accounting officer, any vice president in charge of a principal business unit, division or function (e.g., sales, administration or finance), and any other person who performs policy-making functions for Bancorp. Accordingly, the term "officer" is not necessarily limited to those persons with an appropriate title, but can include any person performing an important executive function, including officers of subsidiaries. The term "director" can include a director emeritus.

ii. Reports of Change in Status of Shares Owned (Form 4).

1. Officers, directors and 10% shareholders must file a Form 4 indicating any changes in the beneficial ownership of Bancorp equity securities within two (2) days after trade date (T+2) in which a change in such ownership occurs. Reports on Form 4 are also filed electronically through the SEC's EDGAR system.

2. The Form 4 must be filed even if the total amount of shares owned does not change (i.e., if a person bought and sold the same number of shares).
3. The Form 4 may also be used to report any Form 5 event (See, Annual Reports, below).
4. The obligation to file a Form 4 may continue for a period of up to six months after a person ceases to be an officer or director. This is true even if that person ceases to be an employee of Penns Woods.
5. Note that the day upon which a person becomes obligated to purchase or to sell the security is the date of the purchase or sale, not necessarily the day he or she places an order or settles the transaction.

iii. Annual Reports (Form 5).

1. Officers, directors and 10% shareholders file a Form 5 to disclose transactions exempt from prior reporting, if such transactions were not reported earlier on Form 4. Officers, directors, and 10% shareholders must also file a Form 5 to disclose any transaction that should have been reported previously but was not. An insider's Form 5 must be filed by February 15 of each year.
2. No Form 5 need be filed if there are no transactions to report.

iv. Equity Incentive Plans.

1. Officers and directors must report stock options, restricted stock and other equity awards granted or awarded under Bancorp's stock equity incentive plans. The grant of such awards is reported on Form 4. Vesting of awards is not a reportable event.
2. Bancorp officers and directors must report equity securities acquired through exercise of an option on Form 4.
3. As with any other disposition of equity securities, Bancorp officers and directors must report any disposition of shares acquired through awards under an equity incentive plan, including shares acquired as a result of exercise of an option, on Form 4.

v. Employee Stock Purchase Plan ("ESPP").

1. Purchases of shares with payroll deductions under the ESPP do not require a Form 4 filing. Although shares of common stock acquired under the ESPP are not required to be reported separately on Form 4, any shares so purchased should be reflected as part of the insider's total holdings in subsequent required Form 4 or Form 5 filings with an appropriate footnote.
2. As with any other disposition of equity securities, any disposition of shares acquired under the ESPP must be reported on Form 4.

vi. Director Fee Plan.

1. Directors must report on Form 4 acquisitions of stock received, in lieu of cash compensation, under a director fee plan.
2. As with any other disposition of equity securities, any disposition of shares acquired under a director fee plan must be reported on Form 4.

vii. SEC Penalties for Violations of Reporting Requirements of Section 16(a).

1. Cease-and-Desist Orders.

The SEC may address violations of Section 16(a) (and other provisions of the securities laws) by issuing a permanent cease-and-desist order. The SEC need prove only a single violation and does not have to institute an action in a U.S. District Court.

1. Civil Monetary Penalties.

Federal courts can impose civil monetary penalties for violations of the securities laws. Three tiers of penalties, depending on the nature of the violation, are prescribed. The first is available for any type of violation, and permits a fine of up to $5,000 per violation for a natural person and $100,000 per violation for any other person. The second is available only for violations involving fraud, deceit manipulation, or deliberate or reckless disregard of a regulatory requirement, and permits a fine of up to $50,000 per violation for a natural person and $250,000 per violation for any other person. The third tier is available only if the requirements of the second tier are met and the violation resulted in substantial losses or a significant risk of such losses to other persons. Fines for the third tier violations can range up to $100,000 per violation for a natural person and $500,000 per violation for any other person.

1. Injunctions and Orders.

The SEC may commence an injunctive action in federal court against a delinquent insider. Injunctive proceedings and monetary penalties are not mutually exclusive.

1. Collateral Consequences.

In addition to the remedies cited above, there are several collateral consequences that may result from Section 16(a) violations.

The failure of an insider to file a Section 16(a) report on a timely basis is required to be disclosed in Bancorp's annual proxy statement and Form 10-K. This type of disclosure is embarrassing to both the insider and Bancorp.

Several courts have held that the two-year statute of limitations for bringing suit under Section 16(b) is tolled for any period of time in which an insider has not filed a report of a short-swing transaction under Section 16(a).

Federal law also permits some securities law violators to be barred or suspended from serving as officers or directors of public companies.

Willful violations of the reporting requirements of Section 16(a) can result in criminal proceedings. A violation is willful, according to the SEC, "whenever the actor intends to do the act that constitutes the violation without regard to whether he specifically intends to violate the law." In addition, a person can be subject to criminal prosecution for intentional misstatements or omissions in any filing with the federal government, including reports filed under Section 16(a).

Violations of Section 16(a) may also constitute violations of various banking laws.

I. SECTION 16(b) OF THE 1934 ACT - SHORT-SWING PROFITS

i. In addition to the prohibition on the use of material nonpublic information, the securities laws also contain a prohibition on so-called "short-swing" profits. The "short-swing" prohibition applies only to reporting officers, directors and 10% shareholders of Bancorp. Other employees are not included. Under this prohibition, officers, directors and 10% shareholders cannot purchase and sell, or sell and purchase, equity securities of Bancorp within a moving six-month period without disgorging "profits" obtained in the short-swing transaction to Bancorp. An officer, director or 10% shareholder, who engages in a prohibited set of transactions, will be liable to Bancorp for any profits earned or losses avoided.

1. For example, if an officer buys 1,000 shares on August 20 at $30 per share and, within six months, sells the shares for $40 per share he or she will be liable to Bancorp for the total profit of $10,000. Similarly, if 1,000 shares are sold on August 20 for $40 per share and within six months the same number of shares are purchased for $30 per share, the officer will have "avoided" a loss of $10,000 and he or she will be liable to Bancorp for that amount.
2. Application of the prohibition on short-swing profits is mechanical. All transactions occurring within any six-month period are matched. Transactions are matched in the manner resulting in the maximum forfeiture. Possession of material nonpublic information is not a prerequisite for liability under this section.
3. The applicable period begins to run on the date the person becomes an officer or director. The six-month period can continue after a person ceases to hold the position. Indeed, the prohibition can apply even after an officer or director ceases to be employed by Bancorp.
4. The prohibition applies to all purchases and sales. This includes shares held directly and shares held in "street name" accounts. In addition, purchases and sales of stock by immediate family members and, in certain cases, shares held by corporations, partnerships, trusts and IRAs may also be matched with sales and purchases by a director or executive officer.
5. The term "purchase" is deemed to include writing a "put option" with respect to Bancorp equity securities and the expiration of the option unexercised is deemed to constitute a "sale." Conversely, the term "sale" includes the writing of a "call" option and the expiration of the option unexercised is deemed to constitute a purchase. (Trading in derivative securities relating to Bancorp equity securities is prohibited under this Policy.)

ii. Equity Incentive Plans.

1. Equity incentive awards, including grants of stock options, under plans satisfying the requirements set forth in SEC Rule 16b-3, would ordinarily be exempt "purchases" under Section 16 and, accordingly, would not generally be matched with any sale of shares within a six-month period.
2. Exercising stock options and the vesting of restricted stock and similar awards are generally not treated as "purchases" for purposes of the prohibition on short-swing profits.
3. The sale of shares acquired by exercising an employee stock option or upon the vesting of a restricted stock or similar award would be "sales" for purposes of the short-swing profit

rules. Accordingly, in order to avoid liability, a sale of shares acquired by exercising an option or upon the vesting of a restricted stock or similar award generally should not occur within six months of any transaction constituting a non-exempt purchase of shares.

iii. Employee Stock Purchase Plan (“ESPP”).

1. Purchases of shares by means of payroll deductions under the ESPP are exempt “purchases” under Section 16 and, accordingly, would not be matched with any sale of shares within a six-month period.
2. The sale of shares acquired by means of payroll deductions under the ESPP would constitute a “sale” under Section 16. Accordingly, in order to avoid liability, a sale of shares acquired under the ESPP generally should not occur within six months of any transaction constituting a non-exempt purchase of shares.

iv. Director Fee Plan.

1. Shares received in lieu of cash compensation under a director fee plan that satisfies the requirements of SEC Rule 16b-3 would ordinarily be exempt “purchases” under Section 16 and, accordingly, would not generally be matched with any sale of shares within a six-month period.
2. The sale of shares acquired under a director fee plan would constitute a “sale” under Section 16. Accordingly, in order to avoid liability, a sale of shares acquired under a director fee plan generally should not occur within six months of any transaction constituting a non-exempt purchase of shares.

II. SECTION 16(c) OF THE 1934 ACT – SHORT SELLING

i. Officers, directors and 10% beneficial owners cannot “sell short” or “sell against the box” any equity security of Bancorp.

1. A “short sale” takes place when a seller, believing the price of a stock will fall, borrows stock from a lender and sells it to a buyer. Later, the seller buys similar stock to pay back the lender, ideally at a lower price than he or she received on the sale to the buyer.
2. A “sale against the box” takes place when the seller, anticipating a decline in the price of stock he or she owns, sells it to a buyer at the present market price, but delivers it later, when (he or she hopes) the market price will have fallen below the sales price, thus creating a paper profit for the seller.
3. This rule applies to all sales, whether of shares held directly or shares held in street name accounts through a broker or dealer.

III. RULE 144 OF THE 1933 ACT – SALES OF BANCORP STOCK BY AFFILIATES

i. Rule 144. All sales of stock of Bancorp by “affiliates” of Bancorp (including sales by a spouse or a relative living in the same home as an affiliate) must be made in compliance with Rule 144. Whether or not a person or entity is an “affiliate” is a question of fact dependent on all of the facts and circumstances. Rule 144 defines an affiliate as a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer. Directors, executive officers and 10% shareholders are almost always considered to fall within the definition of “affiliate.” Rule 144 provides the following restrictions on sales of stock by affiliates:

1. Limitations on the Volume of Sales. The shares sold within any three month period cannot exceed the greater of (i) 1% of Bancorp’s total outstanding shares or (ii) the average weekly trading volume during the four calendar weeks preceding the sale.
2. Current Public Information. There must be current public information available about Bancorp. This requirement will be satisfied provided Bancorp is current in the filing of its periodic reports (e.g., 10-Ks, 10-Qs) under the 1934 Act.
3. Manner of Sale. All sales must be made through a broker or directly with a market maker.
4. Form 144. A person selling in reliance on Rule 144 will, under most circumstances, be required to file with the SEC a notice of sale on Form 144 if the aggregate shares sold during any three-month period exceed 5,000 shares or $50,000 in aggregate sales price. If required, the Form 144 must be filed at the time of placing the order to sell.
5. Subject Securities. This rule applies to all shares of Bancorp stock held by affiliates of Bancorp, whether acquired in the market, privately, or under an employee benefit plan or arrangement.
6. Restricted Stock. If shares are acquired from Bancorp or an affiliate in a transaction not registered with the SEC (a so-called “private placement”), the shares are deemed

"restricted stock" and must generally, in addition to the requirements of subparagraphs 1 through 4 of this paragraph A, be held for up to one year before they can be sold as described above.

IV. SECTION 13 OF THE 1934 ACT – BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS FOR 5% SHAREHOLDERS

i. Under Section 13 of the 1934 Act, any person (or group of persons acting together) who acquire, directly or indirectly, beneficial ownership of more than 5% of Bancorp's common stock must, within ten days, file a report on Schedule 13D or 13G with the SEC and Bancorp.

ii. Schedule 13D requires disclosure of, among other things, the identity of and information relating to the shareholder involved, the source of funds used to acquire the stock, and the purpose of the acquisition. Schedule 13G is a shorter alternative to Schedule 13D available to "passive" investors (i.e., investors who do not intend to control or attempt to cause a change in control of the issuer). Any material change in the facts as reported on Schedule 13D or 13G must be reported in an amendment filed promptly after the change occurs.

iii. A "group" consists of any persons who, directly or indirectly, have any agreement or understanding to act together with respect to the voting, purchase, or sale of any security. This includes the use of a proxy, power of attorney, voting trust or pooling arrangement. Certain persons may be a "group" for purposes of Section 13 despite the absence of a formal agreement among the parties.

iv. The obligation to file Schedule 13D or 13G is the responsibility of the person or group that acquires more than 5% of the common stock and, therefore, is not the obligation of Bancorp.

V. MISCELLANEOUS PROVISIONS OF THE 1933 AND 1934 ACTS

The statutes and regulations discussed above are the federal securities laws which most often directly affect directors and officers. There are, however, other provisions of the 1933 Act and the 1934 Act regarding misleading representations and registration statements and other corporate documents such as Forms 8-K, 10-Q, 10-K and proxy statements which might also become the basis for a claim against directors and officers.

i. Section 11 of the 1933 Act. If a registration statement (including the 1934 Act documents incorporated therein by reference, such as Bancorp's Forms 10-Q and 10-K) contains an untrue statement of a material fact or omits a material fact required or necessary to make the statements and the registration statement not misleading, then Section 11 grants to any person acquiring securities so registered the right to sue a specified list of individuals. This list includes every person who was a director of Bancorp at the time the registration statement was filed, whether or not that director actually signed the registration statement, as well as every person who, with such person's consent, is named in the registration statement as being or about to become a director. The statute also specifically imposes liability on every person who signed the registration statement (which must be signed by specified officers and by a majority of the directors of Bancorp).

ii. Section 18 of the 1934 Act. Section 18 provides an express remedy for false or misleading statements of material fact included in documents filed under the 1934 Act, such as reports on Forms 8-K, 10-Q and 10-K. Anyone who purchases or sells securities in reliance on such statements at a price affected by such statements may recover damages from any person who made the misleading statements or caused them to be made.

iii. Section 14(a) of the 1934 Act. Section 14(a) and Rule 14a-9 make it unlawful for any person to solicit or permit the use of his or her name to solicit a proxy by means of a proxy statement (or other written or oral communication), which contains a false or misleading statement of a material fact or omits a material fact necessary to render the statements made not false or misleading.

iv. Sections 15 of the 1933 Act and 20(a) of the 1934 Act. Under certain circumstances, persons who "control" entities violating the federal securities laws may be liable for these violations in an action by an injured shareholder. "Control" is generally defined as the power to direct the management and policies of Bancorp. In general, however, "controlling persons" acting in good faith and without knowledge of the alleged violation would not be subject to liability under these provisions.

VI. OPTIONS TRADING; HEDGING AND PLEDGING TRANSACTIONS

Bancorp believes that equity compensation plans and stock ownership are effective ways to align the interests of directors, officers and employees with the long-term interests of shareholders. Certain transactions in Bancorp securities, however, may be considered short-term or speculative in nature, or create the appearance that incentives are not properly aligned with the long-term interests of shareholders. It is the policy of Bancorp that directors, officers, and employees not purchase financial investments (including equity swaps, collars and similar derivative securities) or otherwise engage in transactions that hedge or offset, or are designed to hedge or offset, any potential decrease in the market value of Bancorp securities. As a result, this Policy restricts certain transactions by directors, officers, and employees as set forth below:

i. Directors and specified officers may not buy or sell puts or calls or other derivative securities on Bancorp's securities.

ii. Directors and specified officers may not hold Bancorp securities in a margin account or pledge Bancorp securities as collateral for a loan.

iii. Directors, officers, and employees may not enter into hedging or monetization transactions or similar arrangements with respect to Bancorp securities that hedge or offset, or are designed to hedge or offset, any potential decrease in the market value of Bancorp securities.

VII. REGULATION FD (FAIR DISCLOSURE)

The SEC has regulations intended to prevent the practice of "selective disclosure" of material nonpublic information by public companies.

The regulations address the SEC's previously expressed concerns with the selective disclosure of material nonpublic information by public companies, and reflect the SEC's long-held belief that selective disclosure leads to a loss of investor confidence in the integrity of the capital markets.

To avoid violations of Regulation FD, it is important that public disclosure of matters involving Penns Woods be made only by designated officers of Bancorp, such as the Chief Executive Officer and the President.

i. When Public Disclosure Requirement Triggered.

Under Regulation FD, a company is required to make public disclosure of any ***material nonpublic information*** regarding itself or its securities if the company or any of its senior officials *(i.e.*, directors, executive officers, investor relations or public relations officers), discloses such information to (i) securities market professionals (*i.e.*, analysts, brokers or dealers, investment advisors, institutional investment managers or investment companies) or (ii) a holder of the company's securities under circumstances in which it is reasonably foreseeable that the person will purchase or sell such securities on the basis of the information.

Regulation FD does not define the terms "material" and "nonpublic," but relies on existing definitions established in the case law.

i. Timing Of Required Public Disclosure.

The timing of the required public disclosure depends on whether the selective disclosure is intentional or non-intentional. Disclosure is intentional when the person making the disclosure either knows, or is reckless in not knowing, that the information he or she is communicating is both material and nonpublic. When the selective disclosure of material nonpublic information is ***intentional***, public disclosure of the information must be made no later than simultaneously. When the selective disclosure of material nonpublic information is ***non-intentional***, public disclosure must be made "promptly." Prompt disclosure means as soon as reasonably practicable (but in no event after the later of 24 hours or the commencement of the next day's trading on the NASDAQ) after a company senior official learns that there has been a non-intentional disclosure of material nonpublic information.

i. Types Of Public Disclosure Required.

Companies can make any required public disclosure by filing a Form 8-K with the SEC or by disseminating the information through another method designed to provide broad, non-exclusionary distribution of the information to the public (*i.e.*, widely circulated press releases or press conferences or conference calls to which the public has access).

I. CONCLUSION

The federal securities laws and the regulations of the SEC impose numerous restrictions on the time and manner of purchases and sales of Bancorp securities by officers, directors, employees and 10% shareholders. These restrictions are often complex. It is highly recommended that officers, directors, employees and 10% shareholders consult with their own counsel, or with the Chief Executive Officer or the President of Bancorp (who will refer inquiries to outside counsel, as appropriate), prior to engaging in transactions in any securities of Bancorp or its subsidiaries.

* This Policy addresses only the most common restraints imposed under the 1933 Act and the 1934 Act.

* "Immediate family" is broadly defined to include, among others, siblings, grandparents and in-laws.

Exhibit 21

Subsidiaries of the Registrant

	State or Jurisdiction Under the Law of Which Organized
Jersey Shore State Bank	Pennsylvania
Luzerne Bank	Pennsylvania
Woods Real Estate Development Company, Inc.	Pennsylvania
Woods Investment Company, Inc.	Delaware
The M Group (subsidiary of the Jersey Shore State Bank)	Pennsylvania
United Insurance Solutions, LLC	Pennsylvania

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements File No. 333-273018 on Form S-3 and File Nos. 333-238749, 333-238748, 333-205722, 333-134585, and 333-58682 on Form S-8 of Penns Woods Bancorp, Inc. of our report dated March 13, 2025, relating to our audit of the consolidated financial statements and internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K of Penns Woods Bancorp, Inc. for the year ended December 31, 2024.

S.R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 13, 2025

Exhibit 31(i)

Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Executive Officer

I, Richard A. Grafmyre, certify that:

1. I have reviewed this annual report on Form 10-K of Penns Woods Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2025

/s/ Richard A. Grafmyre

Richard A. Grafmyre
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31(ii)

Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Financial Officer

I, Brian L. Knepp, certify that:

1. I have reviewed this annual report on Form 10-K of Penns Woods Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2025

/s/ Brian L. Knepp
Brian L. Knepp
President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32 (i)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Penns Woods Bancorp, Inc. (the "Company") on Form 10-K for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Grafmyre, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Richard A. Grafmyre

Richard A. Grafmyre
Chief Executive Officer
March 13, 2025

Exhibit 32 (ii)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Penns Woods Bancorp, Inc. (the "Company") on Form 10-K for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian L. Knepp, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Brian L. Knepp

Brian L. Knepp
President and Chief Financial Officer
March 13, 2025